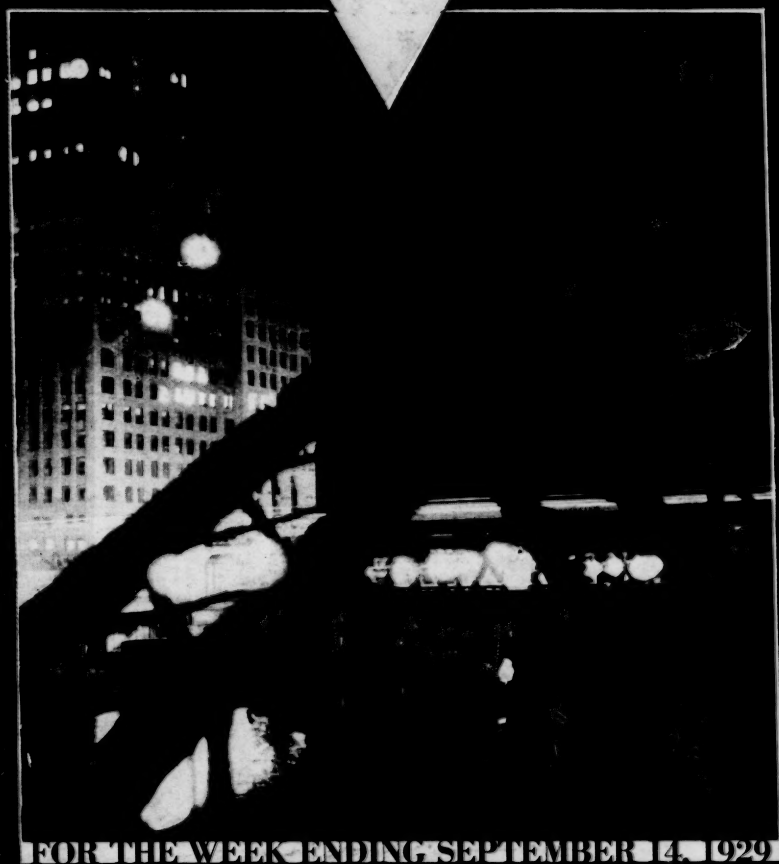
BUSINESS WEEK



FOR THE WEEK ENDING SEPTEMBER 14, 1929

HERE, GENTLEMEN, *is the Ideal Spot in all America for the* Aircraft Industry

The remarkable industrial growth of Los Angeles County may be attributed to:

Natural year 'round climatic advantages

Tremendous population growth

High per capita buying power

Abundance of contented labor

Low building costs

Low cost power

Largest concentrated market on Pacific Coast

Splendid transportation facilities

Economical access to Pacific Coast and export markets

Flying conditions are as nearly ideal the year 'round in Los Angeles County as anywhere in America.

U. S. Weather Bureau reports over the last 50 years show an average wind velocity of 5 miles per hour .... 355 days per year with sunshine .... 274 days per year when the temperature is neither above 80 nor below 40.

17 manufacturers of airplanes and 9 manufacturers of airplane motors have already located here.

There are 25 or more aviation schools, 2200 aviation students, and more than 3,000 pilots in Southern California.

6 passenger transport companies operate 11 regularly scheduled lines out of Los Angeles, which is the terminal for 4 air-rail and 2 air-mail lines.

These are facts which the manufacturer of aeroplanes, motors or parts can turn to his profit .... for these conditions have a tremendous effect on production costs and successful operation .... and they are not paralleled elsewhere in America.

Air-Minded LOS ANGELES COUNTY

Complete detailed surveys and information supplied, upon request, by INDUSTRIAL DEPT., LOS ANGELES CHAMBER OF COMMERCE

The Business Week

FORMERLY THE MAGAZINE OF BUSINESS

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

FOR THE WEEK ENDING
SEPTEMBER 14, 1929

Business Outlook—Partly Cloudy and Cooler

BUSINESS optimism is becoming slightly, but more distinctly, overcast with anxiety about speculation and the credit situation. The stock market feels it and is acting a bit tired and nervous.

There is nothing new or definite in the business barometers to account for the faint haze of uncertainty, so far as industrial trade and financial records are concerned—except the realization that there has probably been an abnormal amount of sunshine in the first eight months of 1929, and that in the normal course the actinic rays of prosperity will diminish in intensity from now on. There is nothing alarming in this unless business resorts, flapper-fashion, to getting its sun-tan out of the bank-credit box from now on, as some suspect it has been doing. The Arab proverb, "It is the eternal sunshine that makes the desert," applies to finance, too.

The business records, on the whole, are still running safely above last year at this time, but with increasing irregularity. Steel appears to be in for a slow decline; automobiles are not keeping up their speed; the farm books are closing on a barely average crop year; and corporation earnings reports are revealing some reddish streaks beneath their golden aggregates. A 9% call loan rate so far in September—reached only thrice in that month in the last twenty-one years—shows how tightly the straightjacket of credit stringency still grips us.

Meanwhile brokers' loans keep going up and investment trusts propagate like rabbits and, like them, gather in the kale, to the waxing worry of Federal Reserve credit-farmers and the savings banks, who are wondering with what they will fill the nose-bag of the "new era" next year.

Tariff Toilers Go Fishing

THE Senate began its intensive, expert consideration of the tariff bill after its usual fashion last week, by talking about something else. The North Carolina Democrat, Senator Simmons, succeeded—with the aid of twenty-one Republicans, some of whom must have had tongue in cheek—in having the Senate adopt his resolution authorizing the Finance Committee to go on one of the jolliest fishing parties ever organized in Washington.

This resolution will enable the Committee to make an intimate examination of the financial condition of infant industries and of "any taxpayer whose business is affected by the tariff," by securing from the Treasury the necessary data from income tax returns. In its final form, the resolution thoughtfully includes importers, who, Senator Couzens believes, make low tariffs useless to the consumer, and usurp the functions of Congress, because they bring things in at low prices and sell them at huge profits. Senator Blaine, also, modified the resolution so that it might enable the Senate, by means of Treasury data, to see whether its earnest efforts to raise American wages by keeping out foreign goods have indeed been successful in the past, and are needed now.

All of which information will be very interesting if true, and if it doesn't take so much time that there won't be any left in which to pass a tariff bill. Senator Smoot—who holds the record in this special session for astounding statements—says he doesn't think it will be true at all, and that the income tax returns are useful for almost anything but to "reflect the true financial condition of the taxpayer." Coming from such high authority as the Chairman of the Senate Finance Committee, this may shake the confidence of every taxpayer, but it will probably not deter the Committee from catching a pretty kettle of fish from the Treasury figures.

Incidentally, Washington is wondering whether more statistics will throw any new light on the acrimonious row

about manganese—which has been put on the free list in the Senate bill. Some say it was to please the steel people, United States and Carnegie particularly, who have contracted to buy much manganese from Russia. The steel men retort that the copper people (Butte, Anaconda, whose ore is admitted free) and some zinc producers, want a higher manganese tariff, because they have little low grade manganese mines of their own, which they would work if it paid, and which would pay if the steel people would pay for their manganese.

A group of farm organizations have put in a manifesto pronouncing the Senate bill inadequate for agriculture, but the farm bloc and most other line-ups are losing their contours, and the hope of restricting revision to the agricultural schedules fades. It is clear, though, that the administrative provisions will be threshed out before rates are considered. The reason, simple but silent, is that here is the fat in the tariff bacon. If the skyscraper-tariff enthusiasts can put through an American valuation scheme, they can afford to be open-minded about rates.

Altogether, what with the question whether Mr. Vare is strong enough to sit in his Senate seat, naval lobby investigations, and such like footnotes, it looks like a long, hard winter of tariff talk, and the log-rolling may not be over till Yule.

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Crops Come a Cropper

THE official crop estimates last week—for cotton, the crucial figures of the season—disappointed those who expected them to start a little bull market of their own in the commodity exchanges. But the big stock-market bull seems to have crowded all the other bulls off the speculative pasture. These are comparatively dull days on the commodity exchanges, whether it is because the shadow of the Farm Board with its big cash box hangs over the markets and threatens to make commodity trading a tame, statistical game, or whether the traders are taking their statistics too seriously in these statistical days. At any rate, the reports created a little excitement.

The government estimates a cotton crop of 14,825,000 bales, based on an average yield per acre over three pounds below the past ten-year average. This estimate is 718,000 bales under that of a month ago because of prolonged drought throughout the whole southwest cotton belt. The deterioration of the crop in Texas alone practically accounts for the decline. At that, this crop would be larger than 1928 and the largest in fifteen years except in 1925 and 1926.

Prices went up sharply $3.00 a bale on the issuance of the report, but lost the whole gain next day. The fundamental reason for the lack of bullish enthusiasm about this crop is skepticism concerning domestic and world consumption and demand. Mill stocks are apparently larger than last year and there appears to be a slight lag in the consumption of American cotton. The total world consumption during the year ended July 31 increased 1.3% over the preceding year, chiefly because more Indian cotton was used. The world consumption of American cotton—about 15,000,000 bales—actually decreased 2.2% from the preceding cotton year. Exports of cotton have run below last year so far this season.

Aside from the fact that other countries are growing more cotton and foreign consumers are buying more of their cotton elsewhere, there is a suspicion that the government estimate may prove to be lower than the actual crop. It is remembered that the official September forecast of both 1925 and 1926 fell short of the facts by almost 2,500,000 bales. The drought has apparently broken and some traders think it possible that these last minute rains may ultimately increase the crop by 300,000 bales.

Apparently the farmers are not banking on higher prices, even with Federal Farm Board money, for the crop is coming to market much more rapidly than last year, and the visible supply is larger.

The government wheat report, which is practically final, indicates a crop of 786,000,000 bushels, 13% less than 1928 and 3% below the average of the last five years, but 12,000,000 bushels larger than last month's report forecast. This news had practically no effect on prices, because it had already been fully discounted. The final figures for the Canadian crop are in also, indicating an output of 293,792,000 bushels as compared with 556,726,000 bushels last year, and the smallest crop since 1924. The only uncertain factors in wheat that remain are the Argentine and Australian crop, and the probable foreign demand. Altogether, though wheat prices are not likely to fall, they are not likely to rise very much more, either. The world crop may be slightly short of last year, but the carryover is large and some European importing countries like France

have had very good crops. The visible supply of wheat in the three principal exporting countries is now about 130,000,000 bushels larger than last year.

The biggest upset in the grain market with this last report was in corn, which will show a crop thirteen per cent below last year, the smallest since 1924; but even this drop did not affect prices very much.

Altogether it is now clear that the bally-hoo of two months ago about the prospects of much larger farm income this year was premature. Crops will be about average—the great crops of the North—corn, wheat, oats, potatoes, fruit—smaller than last year; the great Southern crops—cotton, tobacco and sweet potatoes—larger. Prices are only slightly higher. As a result of the reversal of agricultural enthusiasm, some of the agricultural implement manufacturers are not expecting a very good time the rest of this year.

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The Merchant Marine Muddle

OPTIMISTIC excitement aroused in the last two months over the prospects of a big shipbuilding and ship operating boom is cooling off. The landlubbing public was all het up when the *Bremen* sailed into New York with a speed record and lots of publicity; when the *Pennsylvania*—largest merchant vessel so far built here—was launched; and when the office-captains of the United States lines announced they were going to build three still larger Leviathans costing $25,000,000.

The Government is now saying: "Wait a minute. Not so fast. The Jones-White Act was intended to help build up an American Merchant Marine by lending government funds to construct ships with, and by handing out mail contracts to help run them. But there's too much pushing and crowding around the subsidy counter." The Shipping Board is getting suspicious about the sincerity of some of the psalm singing at the mission, and salvation is being withheld. The Navy wants to know whether ships to be constructed on government loans will be able to sail the seas to help smite the enemy. The Postmaster General wants to know whether ships seeking mail subsidies really need the money. Congressmen want shipyards and shipyard workers in their districts to have the opportunity of helping keep the American flag on the high seas at prevailing rates of wages. Numerous ship builders and ship operators want to know why the other fellow is getting the money.

Developments to date:

Loans totalling about $41,370,000, running for twenty years at from 3⅜ to 5¼%, have been made to seventeen companies for the construction of new vessels. Eleven other applications for loans are pending or under negotiation. The Shipping Board has still about $200,000,000 in its cash box for this purpose, so the applications keep coming.

Latest loans, to the American export lines to build four vessels to carry goods to Russia via Black Sea ports and to keep a thousand Camden, New Jersey, shipyard workers busy.

The Inter-departmental Committee set up by Hoover to untangle the snarl of mail contracts for the Shipping Board is still busy untying some hard knots. A large one is the United States lines' disappointment at not being promptly given a mail contract of $2,300,000 annually, which would help pay dividends and confirm promises in a broker's stock-selling prospectus where a statement of expected earnings, "not guaranteed, but believed to be true," attracted the attention of Postmaster-General Brown. "Independent marine authorities" estimate probable earnings of the lines in the first year at $2,500,000, of which $2,300,000 would be mail money. On the strength of such hopes the United States lines were going to buy two other Shipping Board services, but now aren't.

The amount involved in ocean mail contracts already awarded to twenty-three lines is estimated at nearly $11,500,000 a year, or $115,000,000 for ten-year period for which such contracts are given.

Other lines have taken old Shipping Board vessels off its hands—occasionally at fancy prices, or borrowed money to build new ones, on the understanding that mail contracts would be forthcoming to lighten the load of the operators. Some have been quite peevish about the delay in getting the money, and are saying "Keep your old ships." Hence increasingly brotherly feeling of operators toward each other and toward the Shipping Board. The Dollar and Matson Lines are fighting each other for ocean mail contracts between Pacific coast ports and the Orient; a Gulf steamship company is banking on a mail contract to South America, and other obscure stratagems and intense feuds are going on in shipping offices, of which the steamer chair sailor is all unaware.

Lastly, there is a little pathos in the fact that the Hudson River Navigation Corporation has so far been unable to convince the Navy that two projected vessels intended for use in the emergencies of New York to Albany travel would be useful on the high seas in a national emergency, and were therefore deserving of a few crumbs for their construction from the Shipping Board's subsidy bread box.

More serious is that all this mal de marine has taken an international turn, with the filing of suit this week by the United States Navigation Company against thirteen British Steamship lines, including the Cunard and White Star, accusing them of all sorts of nefarious practices intended to hog the American-British transatlantic trade. This trade is supposed to be carried on amicably under conference agreements over which the Shipping Board has supervision, but this particular company has refused to be party to such agreement. It has been clear that American merchant marine subsidy policy would sooner or later precipitate a struggle—open or submarine—with Great Britain in this field.

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Navy Yards Busy Despite Hoover Order

PRESIDENT HOOVER'S order suspending work on three of the five new cruisers authorized by Congress soon after the ratification of the Kellogg

Peace Pact had no effect upon Navy shipyard operations. Because of the shrewdness with which the Navy Department interpreted the order, it probably will have none, at least for a considerable period.

The President's proclamation failed to mention the two ships which have already been awarded to private shipyards, but ordered the Department not to lay the keels of the remaining three "until there has been opportunity for full consideration of their effect upon the final agreement of parity which we hope to reach." But nothing in the order prohibited the Navy Department from putting the yards in shape to handle the work when and if started.

Hence there is a great stir in the government yards. A total of $570,000 has been made available immediately for the construction of new ways and new fittings, and the Secretary of the Navy has been authorized to expend $1,122,000 for this purpose. Machine tools to the value of $1,500,000 are being purchased and installed. There has been no delay in ordering materials for the new cruisers, though plans are not far enough along to justify it. Washington thinks that the President's order will be revoked about the time plans for the vessels have reached the stage where actual work should begin. If not, it is quite likely that the Department will produce a new interpretation of the President's proclamation.

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Japan Carries Home the Bacon

WHILE China and Russia are wrestling with their differences of opinion in Manchuria, Japan is carrying home the bacon.

When Russia lost Dairen in her struggle with Japan 30 years ago, Vladivostok was the best that was left in the way of a Pacific port, though it was icebound for a part of the year. To make up for the scanty trade from Siberia, preferential rail rates were offered to thrifty farmers in northern Manchuria along the Chinese Eastern Railway to divert grain shipments to the new port. The present situation cuts off Vladivostok as an outlet to the sea for the enormous tonnage of North Manchurian crops, all of which must be drawn southward over the Japanese-controlled South Manchuria line and shipped from Dairen, Japan's leased port in Manchuria.

Japan has prepared Dairen for just such an emergency. Modern piers and warehouses, floating and locomotive cranes, and cheap Chinese labor give the port a freight handling capacity of 30,000 tons for each 10-hour day. There are seven coaling berths and 50 miles of railway sidings.

Latest available trade figures show an annual volume of $140,000,000. Of this amount, imports from the United States —rail equipment and small farm machinery—were valued at $6,697,000; while exports to the United States—soya beans and bean oil—were valued at $2,683,900.

In 30 years Dairen has grown from a fishing village of 18,000 to be China's second port and the center of the world's soya bean business.

Ranking in importance with governors and war lords is M. Sengoku, head of the South Manchuria Railroad. Appointed by the new Japanese ministry on August 14, he is responsible for administering Japan's largest business enterprise.

His most recent report to the New York headquarters of his company declares that operation activities on the South Manchuria are in no way being hampered by the Sino-Russian dispute to the North.

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E Pluribus Europe

"AND so, between a pear and some cheese, we laid the little cornerstone of a European Federation; discreetly, between a pear and some cheese—which doesn't, you know, diminish at all the importance of the event." That is how Premier Aristide Briand of France announced the biggest merger rumor of the week, after the luncheon he gave to the heads of all the twenty-seven European delegations to the Assembly of the League of Nations, where a movement was started to form a United States of Europe.

This particular merger is still in the memorandum stage. Mr. Briand is to send all the governments of Europe a memorandum outlining his plan and asking them a lot of questions the answers to which he will draw up in a report to discuss at a new meeting next September during the next meeting of the League Assembly.

But that, as Mr. Briand said, does not diminish the importance of the event. "It was," as he added, "a good cornerstone." Most of the other diplomatic gentlemen were discreetly enthusiastic about the idea.

This cornerstone has been laid before, but nothing so far has been built on it. European statesmen and industrialists have been talking, in the papers, get together against something—of course not the United States, but our tariff wall figures frequently in the discussion, and we are held up as a model, both of internal chumminess and external exclusiveness. England has had her own special line lately, which is imperial preference.

There is something in it, certainly, but probably far away. The countries of the continent and the dominions of the empire are, in fact, quite as diverse in economic interests as our states. One can imagine them becoming quite friendly with one another some time, but it is hard to imagine them brought into the fond embrace of reciprocal free trade, or even preference, by any such compulsion as our Federal constitution imposes.

The war left in Europe a litter of new states, each with a set of commercial claws against its neighbor, each with a desire for self-sufficiency, and each bent upon building up its own industries beyond the needs of its local market. A customs union, or some form of commercial reciprocity, has often been talked of, and might have been easier before the war than it would be today. Under modern conditions it means more than mutual tariff concessions; it means for many nations drastic industrial and economic re-organization. This will require time, and a greater incentive than a grudge against the United States.

WHEN DOCTORS DISAGREE

Utilities ▶

All Power to Maine

THERE'LL be no export of hydro-electric power from the borders of Maine. Popular referendum put the quietus on it this week.

Before this issue was definitely decided, much fur was torn on both sides. One group, led by the Central Maine Power Company (Insull) cried for the repeal of the twenty-year-old law prohibiting export. Rosy pictures were conjured up of the swift development of industry that was bound to ensue. Rural sections were equally as loud in favor of retaining "the sacred and God-given heritage" within the state.

The proposed amendment to the 1916 Fernald Act would have allowed the export of surplus hydro-electric power under certain conditions. Stringent contracts were to be signed by the exporting utilities, for which gracious privilege they would have paid 4 per cent tax on gross revenue derived from sale of this surplus power.

Maine is now safe from the ravages of the giant "power octopus." Insull's banners are furled.

Railroads ▶

The I. C. C. Rubs Its Hands

THE railroad consolidation snarl gets worse and worse. The elusive railroad holding companies keep the I. C. C. awake o' nights, trying to devise a trap to catch them.

Just now, the Pennsylvania and B. & O. occupy the center of the stage. Pennroad Corporation, holding company of the Pennsylvania, has been buying roads right and left. First, it acquired control of the Detroit, Toledo, and Ironton, which the B. & O. coveted for its merger plans. Then the crafty Pennroad Corporation bought the Canton Terminal, which is right in Baltimore, Mr. Willard's own capital.

Bedlam promptly broke loose. The B. & O. has "sicked" the I. C. C. on the Pennsylvania.

Western Maryland (controlled by the B. & O.) started the din. The Canton Terminal in Baltimore tried to raise switching charges. Immediately smelling a rat, Western Maryland asked the I. C. C. to look into this. Western Maryland accused the Pennsylvania Railroad of having bought the Canton railroad property. The Pennsylvania loudly proclaimed itself innocent.

But lo, now comes the Canton Company to the Commission stating that through the Pennroad Corporation, the Pennsylvania *has* taken control over its switching properties in Baltimore. Undoubtedly, there is something wrong somewhere. Either the Pennsy has or it has not control over this Baltimore terminal. Technically, the Pennroad is an entirely separate organization. Therefore, the Pennsylvania Railroad is legally correct in denying control over the Canton Company. But, the I. C. C. doesn't see it that way. Right now, the Commissioners are polishing up their spectacles, and sharpening their red pencils. The Pennsy is going to have to do some tall explaining.

The Canton Company operates one of the most important switching services in the East. Its belt line around Baltimore harbor handles the export traffic for the Pennsylvania, B. & O., Western Maryland, and other leading carriers. Naturally, the B. & O. isn't going to stand by while the Pennsy snatches the bread from its mouth. Pennsy's purchase of the Canton Terminal has carried the war right into B. & O.'s territory. A fight to the finish has just begun.

Meanwhile, the I. C. C. is plotting divers machinations against the mischievous railroad holding companies that have so far defied their authority. The Commissioners believe these corporations were created simply to evade the law by concealing their holdings of railroad properties. They have been trying to get something on the Van Sweringen's Allegheny Corporation, which recently trusteed its holdings of Wheeling and Lake Erie stock. So far, they've been unsuccessful.

Now, however, the Commission is rubbing its hands in glee. It thinks it at last has caught the Pennsy with the goods.

Transportation ▶

Motor Buses Are Marching On

MOTOR buses, once scorned by the electric railways, will occupy a place of honor at the convention of the American Electric Railway Association in Atlantic City, Sept. 28-Oct. 4. More than half the space devoted to exhibits of transportation equipment will be used by manufacturers of buses and accessories.

Underwood Photo

FEW WANT HIS JOB

M. Sengoku, newly appointed head of the South Manchurian Railway, who must protect Japan's great stakes at a critical time

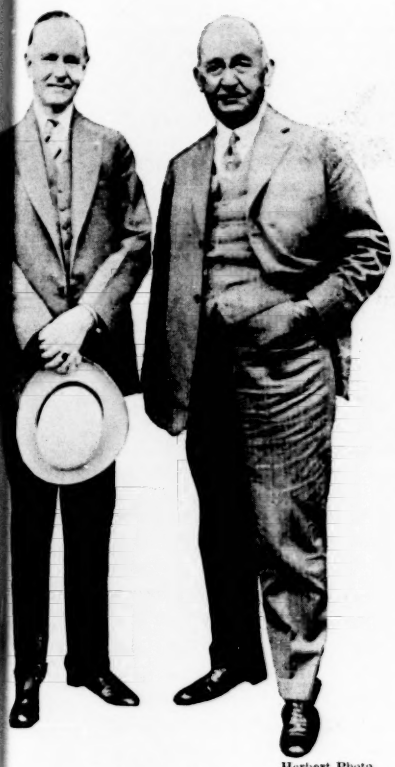
In 1921, 28 street car companies were operating 128 buses. Today, 268 electric railways are in the bus business and they use more than 10,700 buses.

When the convention takes stock of the track abandoned this year it will discover that 65 substitutions have been made, several of them of entire street car systems. Incidentally, 153 cities in the United States depend entirely on buses for transportation. Half the cities with a population of 10,000 or more (526 in number) are served by buses.

Petroleum ▶

Michigan Wells Multiply Steadily

DEVELOPMENT of the new Michigan oil fields continues with several big companies already in operation. As yet the state produces scarcely one



Herbert Photo

INSURANCE MEN

Calvin Coolidge and Darwin Kingsley attend a convention of New York Life personnel

per cent of the American total of 3,000,000 barrels daily.

Many oil men, especially those who have not acquired a foothold in the Michigan field, declare that the development of a new producing territory at the present time of surplus crude supply is unfortunate, and will further complicate a difficult situation. Others see simpler and cheaper distribution in the northern part of the Middle West. Ohio, West Virginia and Pennsylvania produce only a small fraction of the oil used in the eastern states. The states immediately contiguous to Michigan will absorb the Michigan production instead of using western supplies, and a net economic gain will result from the saving in transportation.

Interest in the Michigan boom centers around Muskegon. There is also much activity around Ludington, and in Midland and Isabella counties, in the center of the state. Several big companies are operating in the Muskegon area, but the Pure Oil Company is concentrating its attention on the newer Midland field, where it owns more than 100,000 acres. It has already done most of the work of developing a pool which is producing about 7,000 barrels daily. Eventually the company will build a pipe line to deep water, and if the field becomes larger will doubtless provide tankers for transportation on the Great Lakes, and build a refinery somewhere on the shores of Lake Michigan. In addition to its Midland acreage, Pure Oil controls more than 1,000,000 acres in other parts of the state.

The Michigan wells are not gushers like those in Texas and California, but they give promise of being steady, long-time producers, similar to those in Ohio and Pennsylvania, where single wells have produced without a break for sixty years. Because of large drifts of glacial sand and gravel in Michigan, surface indications of oil are not so abundant as in other areas, necessitating well-organized geological direction for drilling.

All in all, the new field is promising for development by companies with capital adequate for large and consistent operations, but will be much less attractive to get-rich-quick promoters than were Texas and Oklahoma. And it is quite unlikely that any Michigander will be able to splurge like Chief Bacon Rind of the Osage tribe in Oklahoma.

Production ▶

Metal Experts Tell New Methods

NATIONAL METALS CONGRESS is in session in Cleveland, supplemented by the National Metals Exposition, a feature of which was a welding and cutting demonstration.

The Congress brings together the American Welding Society, the Institute of Metals, the American Society for Steel Treating, the American Society of Mechanical Engineers, and the American Institute of Mining and Mechanical Engineers. The members of these societies have been responsible for practically all the wonderful progress of recent years in the development of steel alloys, new methods of processing metals, and new applications for products both old and new.

The papers covered almost the entire field of metallurgical development, including the new corrosion-resisting alloys, welding, and the growing use of radiography as an industrial tool. Two new methods of making non-destructive tests of welding were announced. Their effect on the future growth of fusion welding processes is discussed on another page.

Several papers were devoted to nitriding, which is becoming an important part of metal processing. Nitriding obtains very hard surfaces on certain alloy steels by subjecting them to a relatively low temperature in an atmosphere of ammonia. Case hardening can thus be obtained without distortion of the part being hardened, making further machining or grinding of the hardened part unnecessary.

The Aston process of producing wrought iron, developed by A. M. Byers Company, was described in detail. It successfully overcomes the stronghold of one of the last skilled craftsmen—the iron puddler—and mechanizes the entire job.

Production ▶

Copper Producers Play Chess

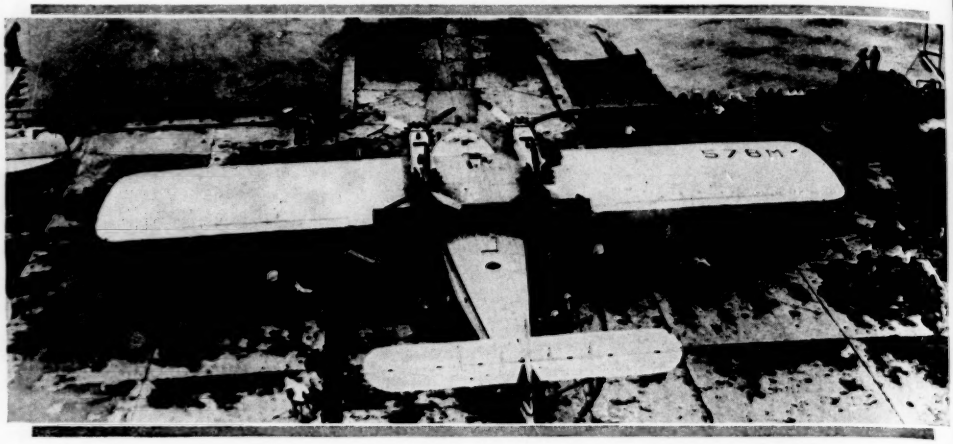
THOSE who sell copper—and production and sale of 80 per cent of the world's copper is in the hands of American companies—were for many long years taunted for their inefficiency. The average price of copper for the ten years following the World War was actually less than the price for the decade immediately preceding the war. Bitter competition, arising from large stocks of metal and too big producing plants kept the price at or near the cost of production.

Those who pointed the finger of scorn cited the nickel and aluminum people, who demanded and got a fair and stable price. To the retort that nickel and aluminum were virtual monopolies, the steel business was brought out. It gets results, and is strictly competitive as well.

But in the last year the copper people have seen the light. They have provided themselves with much more complete data and have better organized their export outlets. The new engine did not function perfectly last spring. The price was allowed to go to 24 cents, only to fall six cents in nine days. That smacked of cotton or grain dealings on a wild exchange. But the engine was put back on the track and in the long dull spell of the spring and early summer, when consumers were not buying copper but

FLYING WHALE

Dornier Super-Wal 30-passenger plane, largest in America, successfully tested at Philadelphia Navy Yard. It will ply between Detroit and Cleveland. The ship is 80 feet long, has 90 foot spread



P. and A. Photo

were digesting what they had already bought, it proceeded smoothly along the rails, with a cut in production sufficient to accord with true consumptive requirements, and a firm maintenance of a fair price. Now, buyers are again avid for the metal.

One important group believes an advance in price should be made, even though no cut was made in the preceding stagnant market. Other groups are fighting the advance and trying to supply the demand at the 18-cent level. Still others, having sold all they have available, are sitting on the side lines, waiting. If the group that is grooming the market for an advance waits long enough, the price is likely to go up. These firms are too important. The others could not supply the entire demand, and production cannot be speeded up quickly.

Obviously, the copper engine is not the well-oiled piece of machinery that some thought it had become, though it is a considerable improvement over what it was. Economic marketing is too big a problem to solve over-night.

Processes ▶ **Castings Annealed In Quicker Time**

GENERAL ELECTRIC COMPANY has developed a short-cycle annealing process for malleable iron castings which reduces time required, eliminates use of boxes and packing material, permits better control of the anneal and costs less than the usual methods.

The process employs electric furnaces in which the charge is heated at about 750 degrees Centigrade for approximately four hours. Then the temperature is suddenly lowered a few degrees and maintained for another four hours when the step is repeated. Average time required for a six ton anneal is between 28 and 30 hours.

Production ▶ **Aluminum Alloys In Locomotives**

NEW materials are being used extensively by railroads to meet the ever-present demand for greater efficiency and increased power. A most interesting development has been the adoption of aluminum alloys for locomotive side rods, main connecting rods, cross heads, cross head shoes and valve linkages. Aside from a saving in weight, these lighter parts give better balance of reciprocating and rotating parts just as they do in automobile engines. Aluminum alloys are now being made which are stronger than ordinary machine steel, cost about three times as much, but weigh one-third as much.

Other new metal uses in railroad rolling stock include wrought steel wheels, vanadium steel castings for locomotive frames, nickel steel boiler plates, and various alloy steels for heavy duty forgings employed in locomotive construction.

Science ▶ **Cuts Beta Milk Sugar Cost**

CHEAPER beta lactose — a milk sugar—has been developed by Dr. Paul F. Sharp of Cornell University. While alpha lactose has been used considerably in infant diets, the more soluble beta lactose has been too expensive for general use. It is believed to be a valuable aid to digestion, to give adults many of the advantages infants obtain through heavy milk diets and to be useful in dispelling some of the digestive ills that cause headaches. Dr. Sharp expects that by means of his process beta lactose can be produced for not more than $1 a pound.

Foods ▶ **Concentrates Milk By Freezing Process**

A CALIFORNIA inventor has patented a process for concentrating milk to any desired water content by passing it through a continuous process freezing apparatus. One of the claims made is that the product tastes like whole milk.

Change of taste in milk concentrates is brought about through sterilization. Condensed milk contains sugar as a preservative. Evaporated milk is concentrated at temperature lower than the pasteurization point. After being hermetically sealed in cans it is sterilized at high temperatures and this gives the product its especial flavor. The new process of concentrating milk must include some method of sterilization. It will be a real step forward if a means can be found for doing this which does not alter the taste.

Textiles ▶ **Machines to Unreel Silk Cocoons**

BETTER days may be ahead for the silk industry with the apparent perfection in Japan of a simplified auto-

matic reeling machine. The modern American idea of standardization has been hindered in the silk industry by inability to get a standardized raw silk. Reeling silk from cocoons has been done by machines but, compared with the latest development of Hara & Company of Yokohama, they were crude. The new machines reel evenly, require less attention, and are expected to be several times faster than the old. Even in the most expensively handled silk today, frequent irregularities cause much loss of machine time.

Aviation ▶ To Mexico City by Train and Plane

SOME one, after learning to read a British timetable, came home and bravely attacked a whole series of the native brands. Five air and rail transport companies, as a result, announce a newly co-ordinated air-rail service between New York and Mexico City. Each unit has long been operating successfully on independent schedules.

Without merging, or in any way uniting, the New York Central and the Missouri, Kansas and Texas railroads, and Aviation Corporation, and the Mexican Aviation Corporation (subsidiary of Pan American Airways) are co-operating to make through reservations and speed up the transfer of passengers between New York and the Mexican capital.

Leaving New York in the evening by fast train, the traveler can be set down in Mexico City 67 hours later. Returning, he can make the trip in less than 50 hours because of better connections at the border. Present train time between the two cities is just under 100 hours.

The cost of a one-way journey by the combined service is $301.05 with lower berth on the train divisions, as against $142.93 by train alone.

Aviation ▶ Half '29's Airmail Equals All '28's

ONLY in mileage did 1928 12-month airmail figures exceed newly established records for half of 1929.

Air mail planes carrying domestic and foreign United States mails flew, during the first half year, 6,379,776 miles, carried 3,468,562 pounds of mail, earned $7,280,441 revenue for the transport companies.

Comparative figures for the entire 12 months of 1928: 6,779,475 miles; 3,000,518 pounds; $6,105,247 revenue.

As in 1928, the largest volume of mail was carried by the Boeing Air Transport over the Chicago-San Francisco route. National Air Transport, flying New York-Chicago mails, carried the next largest volume.

There has been no summer slump. August airmail set a new record of 698,082 pounds, or 59,252 pounds over July's large total. Daily average poundage was 23,268.

Canada ▶ Dominion Diplomats Seek Foreign Trade

CANADA is playing a new game for higher stakes in international trade.

In May a trade commission office was opened in Chicago to supplement the New York information office and to promote relations between Canadian and United States manufacturers.

On October 1 a third office will be opened in San Francisco to develop West Coast relations.

This week Canada's first Minister to Japan bowed before Emperor Hirohito, told him Canadian trade with Japan has risen from $5,000,000 in 1915 to $55,000,000 last year; Vancouver now outranks any of Canada's Atlantic ports in outgoing shipments; he wants to promote friendly relations between his country and her nearest neighbor across the Pacific.

Canada has been represented by a Minister at Washington since 1926, at Paris since 1927.

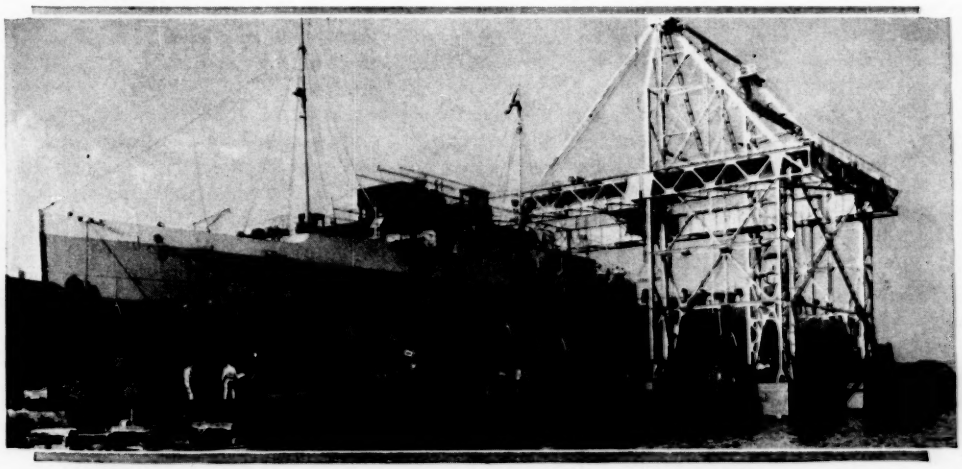
Finance ▶ Northwest Likes Its Chain Banks

STOCK in the First Bank Stock Corporation of Minneapolis was offered to the public Monday, at $47.50, dividend $1, yield 2.09%.

It was oversubscribed. Minneapolis believes in chain banking—is the chain bank capital of America.

First Bank Stock Corporation controls the First National banks of both Minneapolis and St. Paul and affiliated banks in the Twin Cities and in five northwestern states, a total of 41 with $350,000,000 assets. Its great competitor is the Northwest Bancorporation, with something like a hundred million less. But events in banking are moving so rapidly in the Ninth Federal Reserve area that it is hard to predict what the lineup will be a week or month hence.

This development is not branch bank-



HOW A FREIGHT TRAIN GOES TO SEA

The "Seatrain"—a unique ship operated by Over-Seas Railways, Inc., to carry 90 to 95 loaded freight cars between New Orleans and Havana. Loading cranes are on wharves. They lift the cars and lower them through giant hatches to tracks inside the queer ship

ing, such as that in Canada. For in a true branch bank system there is only one treasury, in and out of which all funds flow at the will of directing officers. The Minneapolis plan, more properly called chain or group banking, is to retain individuality of the separate banks. They keep established names, local directorates, but with moral and financial backing of the combine behind them.

Some students of banking maintain that true branch banking is the ideal objective, that chain banking is developing only because real branch banking is illegal in so many states. They point out that, as is true of chains in general, the whole is no stronger than its weakest link. They cite recent events in Georgia and Florida where loosely knit chains of small banks collapsed due to the fact that a run started on one started runs on all.

But the likelihood of any such contingency occurring in the Northwest is extremely remote. There, experience has been just the opposite. Independent bankers, who have weathered there one of the worst storms in all banking history during the decade since the war, are not so sure as they once were of the outstanding advantages of independence. Scores of them have already indicated their willingness to place their names on what might be called the waiting list of one or the other combine. They want to get in.

A coup was made recently by the First Bank Stock group when it took over, all at once, the largest banks in each of the six largest Montana cities, and added to its directorate John D. Ryan, chairman, Cornelius F. Kelley, president of Anaconda Copper Mining Company. Subsequently three more banks in copper areas of Montana and Michigan were added and James MacNaughton, president of Calumet and Hecla, was added to the board. Thus the system is now one of the great copper banks of the United States.

All seven presidents of the seven railroads of the Northwest are directors of the First Bank Stock Corporation: Ralph Budd, Great Northern; Charles Donnelly, Northern Pacific; N. L. Howard, Chicago Great Western; C. T. Jaffray, the Soo Line; Fred W. Sargent, Chicago and North Western; H. A. Scandrett, the Milwaukee; Frederick E. Williamson, the Burlington.

Wide World Photo

LOBBYIST

William B. Shearer, a Big Navy man from Stamford, Conn.

Of the Northwest Bancorporation, Theodore Wold is chairman and E. W. Decker is president.

Finance ▶

He Knew the Magic Password

THE clever scheme by which an official of a little bank in southern Colorado was able to obtain half a million dollars from six large New York institutions gave the banking world something to think about. C. D. Waggoner, president of the Bank of Telluride, collected the money in New York several days ago and disappeared. Telegrams authorizing the payment were sent from Denver in proper American Bankers Association code. Waggoner was known to the New York bank officials.

Waggoner's scheme has pointed out a great danger in banking fields. The bankers' code is known to several thousand men and women. The strange thing is that some such plan has not been used before. One outgrowth will be an undoubted stringency by banks in paying out funds ordered by wire.

Waggoner's little bank was nearly on the rocks. He blamed New York financiers. He used the money obtained to pay the debts of the bank.

Insurance ▶

More Than Half of Us Have Policies

LIFE insurance companies in the United States now have $100,000,000,000 policies in force. That is equal to $840 for every inhabitant. It is twice the total amount of insurance on the rest of the world. Life insurance companies were 80 years getting the first $50,000,000,000 of policies sold; the second $50,000,000,000 came in 6½ years. In all, 65,000,000 persons are insured.

But 45,000,000 persons are not yet insured. There'll be no respite for the agents—or their prospects.

A number of insurance companies' reports for the first six months show income 3% and 4% higher than in the same period of last year. Expenses increased only 2.4%. Surplus was thus permitted to grow 20% and total assets were up 11.6%.

Labor ▶

Family Strife In the Coal Union

INCREASING bitterness developed this week in the factional strife between the United Mine Workers of America and its district organization in Illinois which threatens the power of the union in that state—last important union stronghold in the bituminous field. Dissatisfaction with international organizers, and anger over the removal of subdistrict officials by the parent body, are the chief causes of trouble.

Frank Farrington, ousted in 1926 by John L. Lewis as head of the district organization, has jumped into the fray, charged Mr. Lewis with mismanagement of union affairs, declared membership has decreased by 270,000 since 1921.

Union organizers are attempting to stage a come-back in western Kentucky, and quietly trying to gain recruits in southern West Virginia, with little apparent success in either field. A wage advance in western Kentucky, effective Sept. 1, weakened union arguments there. In Colorado, the United Mine Workers of America and the Colorado Federation of Labor, both of whom held aloof when the I. W. W. fomented trouble in the state two years ago, have organized a fight for higher wages and better working conditions.

Radio ▶

All Nations Grab For Air

THE attention of the radio industry is focused on the radio conference which will be held at The Hague on September 19 in an attempt to solve various regulatory problems which each nation will present. Eight American delegates appointed by President Hoover are en route to The Hague. They include Major General Charles McK. Saltzman, chairman; Captain S. C. Hooper, Director of Naval Communications; Major General George S. Gibbs, and Gerald Cross, technical expert of the Federal Radio Commission.

The most vexatious problems to be considered probably will be allocation of short wave lengths and the selection of channels for radio broadcasting. There are not enough short wave lengths to go around, and for more than a year rival interests have engaged in a mad scramble for whatever was available. The tremendous increase in airplane service has added another group to those which are attempting to obtain broadcasting channels.

Meanwhile, communication problems at home constantly disturb the Federal Radio Commission. Several changes in the present law have been suggested—repeal of the provision for zoning systems, repeal of the Davis amendment giving the Commission power to allocate broadcasting facilities in proportion to population in each zone, and particularly the repeal of the anti-trust sections of the Radio Act. Senator Couzens fears an octopus-like "wire and wireless trust," and has a bill to establish a separate wire and wireless communications commission. The Couzens measure is opposed by the National Association of Railroad and Utilities Commissioners.

The general opinion in the industry seems to be that legislation against mergers is out of date and short-sighted. Something may develop on October 23, when the American Bar Association will study the first report of its standing committee on radio law.

Production ▶

Cement Didn't: Lumber, Brick Did

HAD the cement industry adopted lumber's new policy of "production for sale" rather than "sell the production," prices in the unusually stable cement market might not have taken the sensational tumble they did early this month. Smaller demand, steady production, mounting stocks, and keen competition, both domestic and foreign, suddenly brought about mill cuts of 10¢ to 20¢ per barrel, with dealers following suit.

That the industry needs to get a large part of itself together into a United States Cement Corporation is suggested by the fact that only 74% of capacity was needed last year to supply the record demand of 176,000,000 barrels. The rate in 1927 was 73.9%, and for the twelve months ended July 31, 1929, only 68.9%. All that is necessary to glut the market is to put this surplus capacity to work.

Wide World Photo

HATES NAÏVETÉ

The Congressman from New Jersey, Mary T. Norton, says Senator Smoot's tariff talk is "naïve"—it DOES *make women's fripperies costly*

Faced by a somewhat similar problem, the lumber and brick industries decided to solve it by the modern method of fitting production to demand. Throughout the year, West Coast mills have maintained a 5.1% preponderence of orders over output, and mill stocks have shrunk sharply. Brick interests in the Greater New York district, finding foreign competition likely to break the market, closed sixteen of the ninteen yards in this district, with the result that prices rose 50¢ last month. This despite a demand only half that of a year ago.

Whatever name this solution goes by and however interesting it may be to the Department of Justice, it is effective in maintaining price levels under trying circumstances.

Distribution ▶

No Saturation In Electrical Goods

SOCIETY FOR ELECTRICAL DEVELOPMENT reports the results of a survey of 3,203 typical homes, from 4 rooms to 15 rooms in size. Majority of dining rooms were adequately wired and equipped with sufficient outlets. Master bedrooms, however, were inadequately wired in 5% of homes. Except for living rooms, nearly half the rooms had no convenience outlets. Absence of switches was especially marked.

No wonder the electrical goods producers are not satisfied with their distributors.

Distribution ▶

Do Packers Want Chain Stores?

THE Department of Agriculture invited the farmers to come to Washington to tell what they thought of the packers' request to be permitted to retail their products and to handle allied lines of goods. Apparently the farmers are unanimous in supporting the packers' request, for no one appeared in protest. The tacitly sponsoring farm organizations make an imposing list—the American National Livestock Association, The American Farm Bureau Federation, and The National Wool Growers Association.

No governmental agency has invited the distributors to tell what they think of the proposition. Yet they are the agencies which would be in direct competition with any expanded packer operations. The National Chain Store Association has gone on record as not opposed to a modification of the consent decree of the packers, or to permitting them to do business without restriction.

Charles H. Janssen of The National Association of Retail Grocers said his association opposed modification of the decree on the basis that no change in

economic conditions has taken place since the decree was entered. Nothing has lessened the danger of monopoly by packers were they permitted to wholesale and retail all kinds of foodstuffs.

The National Wholesale Grocers Association likewise announces that it always has opposed any modification of the decree and sees no reason for change now. Representatives of some of the recent mergers are unwilling to commit themselves, either officially or unofficially.

Unofficial Washington opinion is that the packers' petition for modification is a forerunner to a program either for purchase of existing chains, or the establishment of a new system of chain meat markets which probably would handle groceries if permitted.

Chain stores would be on weak ground if they opposed, for some of the largest chains have begun to handle meats and to establish their own packing plants. Kroger Grocery & Baking Company, second largest food chain, with last year's sales over $200,000,000, has two packing plants and a sausage factory. This chain, contemplating still larger operations through a merger with First National Stores, operates 2700 retail meat markets.

Adolph Gobel, Inc., has been buying suppliers in the District of Columbia and also Jacob E. Decker & Sons, a long established packer of Mason City, Iowa. This gives a string of chain outlets to one of the old time packers who escaped being a party to the decree only because he happened to be small.

The National Association of Retail Meat Dealers is aggressively urging its members to add canned goods lines. Canned goods are being sold by 50.5% of the meat retailers who reported in an extensive survey just completed by E. L. Rhoades of the University of Chicago. Inquiries were addressed to the more progressive retailers. The proportion of all meat shops handling canned goods is probably not as great as 50.5% —but what the leaders do today, the rank and file will be doing tomorrow.

On the other side, grocery chains and independent retail grocers are adding meat departments to their stores. Now comes the General Foods Corporation with a new refrigeration process for shipping perishable foods. It proposes to pack oysters and fresh fillets in small branded packages wrapped and sealed in celophane. Pork chops and beef steaks could be handled likewise and every grocer could carry the packers' products in cartons on his shelves.

With these developments, small wonder the packers feel their restrictions. Everyone else in the food field is doing something new, and they cannot move.

The restrictions were put on, not because it is undesirable for the packers to retail their products, but because the packers were getting too big. They overplayed their purchasing power and made the farmers sore, just as some of the chains have antagonized the manufacturers more recently.

Are they still too big? They have not grown any smaller, but some of their competitors have grown bigger. Perhaps they could not monopolize quite as overwhelmingly now, with food mergers and chains often doing business direct with cooperatives, as they could have in 1920.

Distribution ▶

General Motors To Sell Radio Sets?

THERE is a persistent rumor that General Motors is going to sell Radio Corporation's radios and phonographs and accessories in its retail branches. The rumor is neither denied nor confirmed by either company. The plan as described provides, ready made, a complete world-wide distribution system for Radio Corporation.

From General Motors' standpoint the plan would utilize only slack in its distribution system. Show rooms have space not occupied by cars. General Motors Acceptance Corporation can handle, without new machinery, the financing of instalment sales of additional articles. Finally, peak of auto selling season is just opposite peak of radio and phonograph season; thus slack in sales effort would be utilized.

It is suggested that household appliances of General Electric and Westinghouse Electric and Manufacturing companies might also be included, but that is hardly credible.

Electrical jobbers are worried. General Electric has just concluded the long-awaited reorganization of its distribution business. Fourteen separate General Electric subsidiary jobbers have become a single selling corporation. Questions now awaiting answers: Will the new General Electric set-up bring changes which affect independent jobbers? Will Radio find General Motors' distribution machinery so perfect it will forsake the independent dealers? Will it, perhaps, forsake them without waiting to find out whether the new is perfect or not?

A BOX OF STEAK

Sirloins sold in cartons. Also lamb chops, ducks. The housewife telephones for her favored brand

Distribution ▶

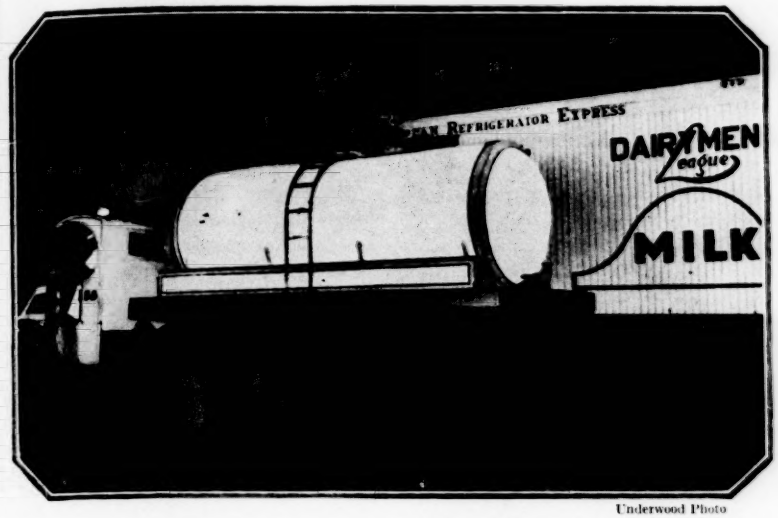
Quick Freezing— A Revolution

GENERAL FOODS CO. has purchased the General Seafoods Co. and the Birdseye Process of Fast Freezing. Fast freezing processes have already done wonders in the fisheries.

Washington reports specialists are looking upon developments of fast freezing as one of the most significant trends in food distribution. Experimental work is progressing rapidly. There is already great promise of the process being extended to the whole range of soft fruits. The development may have a far-reaching influence on canning. It may even eliminate butcher shops.

Distribution methods as well as the processes of preparation may have to be altered. Freezing makes possible cutting meat at central plants and putting it up in standard packages for the consumer. Parts or cuttings wasted in a butcher shop, or, perhaps, delivered to the customer to be thrown into the soap maker's pail, can be salvaged in sufficient volume to pay.

Great savings are seen in the handling of fruits. A new plant in Texas for freezing of figs is watched with interest. Exigencies of the Florida situation are



Underwood Photo

VACUUM BOTTLE ON WHEELS

Eight thousand quarts of milk flow from vacuum containers in car to vacuum container truck in 10 minutes—a one-man job. Car and truck keep milk at 36-37° for 16-20 hours. No ice needed

expected to stimulate greatly the freezing of citrus fruits. Shipments already are being made to cities on the Atlantic seaboard. Plants on the West Coast that formerly froze strawberries and other fruits for the ice cream trade have developed a series of small packages for retail distribution.

With freezing of meats:

THE PACKER can standardize and brand packaged cuts and seal them in celophane. He can advertise these brands. He can manufacture and freeze seasonal products at glut periods and hold the frozen products.

THE RETAILER can handle meats in packages and eliminate the unpleasantness of the butcher shop. He can handle meats without the aid of a highly paid butcher. He is saved the bother and worry of coming out even in cutting and selling from a carcass. Time would be saved in wrapping and weighing. Pricing would be made more easy for the retailer. The pricing of cuts so that the total receipts will cover the cost of a carcass has always been one of the difficult problems of the butcher. Small grocers who cannot afford meat departments could easily handle packaged frozen cuts.

THE CONSUMER. Would she be better served? If she is fortunate enough to have a good butcher now: No. If she has an average butcher she would undoubtedly get a better average of meat. The cash and carry patrons would get more convenient packages. The standard packages would probably, in the long run, have dependable weights. The consumer would not have to have each cut weighed; and finally she would be able to get meat in grocery stores, thus making one less place to shop.

The Birdseye Process of Quick Freezing can be used on packaged goods. The higher the speed of freezing the less shrinkage and the less danger of color change.

It is contended the Birdseye Process which the General Foods has purchased has advantages over the Single Plate System which has been used by the Atlantic Coast Fisheries in extending their market range.

Retailing ▶

Chains Resist N. Carolina Tax

NORTH CAROLINA taxes chain stores $50 on every retail outlet above one in number, operated by a single company. The purpose is obvious. It is not a distribution of the tax burden; it is an attempt to handicap one kind of retail store as against another. The effort is not to leave the field free so that the customer may enjoy the fruits of competition, but rather to prohibit, or at least retard, the entrance into local communities of certain groups of competitors. The tax itself implies an acceptance of the belief that these organizations are more efficient than the ones already there.

The chain stores have brought suit against the state and the tax commissioner for return of their tax payments on the basis that the law is unconstitutional. But whether the tax is unconstitutional or not if the chains are more efficient, North Carolina would be retarding its own progress by barring them, and if they are not more efficient the chains will eventually bar themselves.

Distribution ▶

Sharp Weeding Out Aids Chain Profits

SEARS-ROEBUCK CO. did 21% more business in August 1929 than in August 1928. Montgomery Ward's increase was 47%; Woolworth, 12% and Kroger Grocery 44%. A list of 34 chains together did 32% bigger business last month than the same month last year. The inference is that the chains are taking more business away from the independents. Perhaps they are, but the percentages more closely represent the rate of opening or buying new outlets than they do the increase of business in single or average outlets.

It is true that most of the chains are reporting greater average sales per outlet, but that again is largely because there has been, during the past year, a lively weeding out of poor stores, thus raising the average business per store.

Retailing ▶

What Is to Become of the Slow Movers?

THE Druggists Research Bureau has reported the results of its nation-wide census of toilet goods stocks carried by retail druggists. Every table contains confirmation of the idea that too many brands, and too many sizes and styles of each, are carried by retailers. Retailers were asked, also, how many brands were slow sellers and how many they recommended carrying. In every class of goods, and in every size of city and store, the slow sellers were not recommended.

Someone soon will be able to make a fortune by specializing on slow movers. There are at least two kinds of slow movers that are bound to move: (1) very high grade items for the few who will be willing to pay whatever is necessary; and (2) low grade items so cheap

that they can be sold below the average prices of average quality goods—items which will be sought by the few who cannot or will not pay for average goods. Either group will "walk a mile" (or send abroad if need be) to get the item it seeks. Selling pressure is not needed. There is profit in slow movers.

Textiles ▶ **For Better Styles in Cottons**

THE textile industry is heartened by an example of organized co-operation within its ranks. New York manufacturers of cotton fabrics and manufacturers of cotton dresses got together under the auspices of The Cotton-Textile Institute for a trade conference. The fabric group learned style trends from the dressmakers; the dressmakers got definite assistance in preparing lines for next season. Plans were laid for a joint effort to place cottons in a more important position in the fashion cycle.

Distribution ▶ **Catch 'Em by the Pocket Book**

PROFIT-SHARING, stock ownership, and savings schemes are closely akin and used for similar purposes. The Dennison Manufacturing Company makes a bid for extra employee good will with a profit-sharing scheme. The United States Steel Company invites its employees to participate in stock ownership. Sears, Roebuck invites its clerks to patronize its savings fund.

Mutual insurance companies similarly have used profit-sharing to hold their customers. The public utilities have sold stock to consumers for the same purpose.

Now these schemes have broken into a new field. The wholesalers and manufacturing distributors have seen the possibilities. All these devices are trotted out, this time to bind the retailers. The Vick Chemical Company and E. R. Squibb & Sons each have offered retail druggists who distribute their products, opportunity to participate in carefully worked out but complicated profit-sharing plans.

McKesson & Robbins have offered stock and, latest, the Independent Grocers' Alliance, through J. Frank Grimes, president, undertakes to receive and invest the savings of its retail members.

These latest efforts at lassoing victims around their pocket books will have to stand on the same basis as the successful similar efforts in the other fields. Only the schemes administered solely in the effort to be helpful, fortunate enough to be free from all suspicion of using the device as a yoke to bind the victims, will succeed.

Herbert Photo

PAID IN COIN

Germany honors Dr. Eckener by issuing 10 and 20 mark gold coins bearing his head, and Count Zeppelin's

Distribution ▶ **R.F.D. Carriers Watch Trade Grow**

"MAIL order business on my R.F.D. route has doubled within two years, possibly within 18 months," says Sam Reynolds. "Publications have increased along with parcel post. When I started 25 years ago, I carried two daily papers only. Today I am delivering 164 dailies to 152 boxes. Magazines have increased likewise, especially poultry and dairy magazines, due to the fact that our cotton country has been turning more and more to dairying and general farming."

For a quarter century Sam Reynolds has been rural mail carrier out of Minter, Alabama, a village of 300 people, 28 miles from Selma and 130 miles from Birmingham. He was in Chicago the other day, attending the national convention of R.F.D. carriers. There are 44,770 carriers, personal links between business and agriculture, who travel an average of 29.8 miles daily to deliver mail to 6,555,000 farm families. All the other carriers told the same tale of vast increase in selling by mail.

Distribution ▶ **Hand to Mouth Buying**

DISTRIBUTION of industrial supplies has been speeded up several fold during 15 years. Dr. Leverett S. Lyon, of the Brookings Institute in Washington, in co-operation with the National Association of Purchasing Agents, has announced results of a survey that will constitute a chapter in his forthcoming book on hand-to-mouth buying.

Purchasing agents of 130 companies in various parts of the country, representing many industries, buying a great variety of materials, reported in the survey. Companies which used to place orders 90-120 days ahead on the average in 1924 now place them only 30-60 days ahead. No company ever ordered steel with less than 30 days leeway before 1924; most of them allowed 90 days. Now a majority order with less than 60 days to delivery date. A substantial number order less than 30-day deliveries.

This same change has taken place throughout the list, which includes such widely varying supplies as paper, lumber, coal and oil, chemicals and drugs, machinery and hardware. Most of the companies are buying in smaller quantities in proportion to needs than they did five years ago, are ordering more frequently. Every commodity group showed a decided trend towards smaller average inventories in proportion to needs.

Retailing ▶ **Department Store Buyer Under Fire**

RADICAL changes are taking place in the organization of buying by the larger retailers. Salesmen report they have difficulty in finding who does the buying. When found, the buyer may or may not have real responsibility. The only point of complete agreement seems to be that the traditional relationship of the buyer to his department has not worked well.

Retailing ▶ **Radio Dealers After Farmers**

RADIO dealers are laying deep plans for breaking down "sales resistance" of 5,861,000 families who live on farms (20 per cent of America's households). Only 7½% of these farms are supplied with electricity, so battery-operated sets will be featured.

Farming ▶

To Speed Up Food Statistics

FOOD is grown by millions of individuals, each of whom has to use his own judgment of what and how much to plant. Then nature decides what percentage of each planting will mature. What chance is there to make the resulting crop balance even approximately the world's needs through the following twelve months?

Sensitive market prices are the only regulators. But much can be done to even out the differences between production and demand if the facts can be assembled and reported fast enough for producers and distributors to push ahead or hold back. The cotton people showed what could be done. Now food manufacturers have developed the Food Institute. It is coordinating its reporting service with the Bureau of Agricultural Economics and the Survey of Current Business—two governmental agencies keyed up to the collection and quick tabulation of national statistics on production of crops and manufactured goods. The faster statistical reporting can be made, the more help it will be to our 11,000,000 farmers.

Farming ▶

Northwest Farms Buy Sheep on Loans

DEVELOPMENT agents of the seven Northwestern railroads, county farm agents, and others, are traveling from farm to farm selling 70,000 sheep to farmers of Montana, Minnesota and the Dakotas. Each farmer who buys is to be financed up to $1,000 by the Agricultural Credit Corporation of Minneapolis, now in its sixth year of farm-relief activities. The borrower has three years to pay. Wool and lambs bring money to meet instalments. At the end of the three years, he has a money-making flock left.

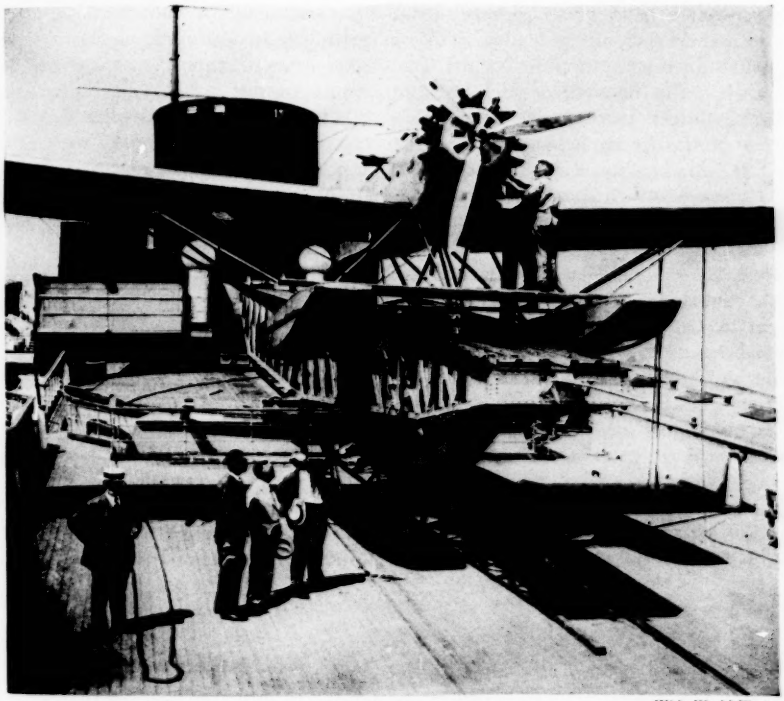
Here is a case in which President Hoover's farm relief activities began earlier than is usually realized. It was he who suggested that President Coolidge call to Washington early in 1924 the group of business leaders who organized the Agricultural Credit Corporation. Both Alexander Legge, farm board chief, and Robert P. Lamont, secretary of commerce, have served as directors since its inception. Six millions of capital, from 434 subscribers, including many of the nation's leading motor, insurance, railroad and merchandising companies, have been kept working continuously, first in loans to stricken country banks, and later to small farmers desirous of getting away from risks of one-crop grain farming.

"The trouble with our farm credit system generally," explains C. W. Wilkins, general manager of the corporation, "is that the farmer can buy almost everything else in the world on easy payments, excepting the one thing that will do most to increase efficiency of his farm and build up his cash income—livestock. How many tractors, automobiles or radios do you suppose would have been sold here in the Northwest if farmers had had to pay cash for them or finance purchases with money borrowed from local banks?

"What we are doing is to make available the same sort of easy credit for use in buying assets that, instead of depreciating, will both pay for themselves and increase in value. In our first five years of operation, up to June 1 of this year, we financed almost 10,000 farmers to purchase 257,538 sheep and 21,909 beef and dairy cattle. Bad loans have been only about one-half of 1%; delinquencies of instalments from 5 to 10%.

"During the past three years instalments on sheep loans have been consistently overpaid. Sheep are 'vacuum cleaners' of the farm. They eat weeds, brush and screenings—food that other animals scorn. Our farmers have had unusual success with them."

Sixty percent of the Agricultural Credit Corporation's loans have been in North Dakota. Total dairy products of that state increased from $29,000,000 in 1921 to $49,424,000 in 1928. Livestock shipments were 18% greater in 1928 than in 1927.



Wide World Photo

FLEW INTO A FOG

Immigration, health and customs officials waited in vain Monday for the arrival of the "New York," mail plane of the crack liner, "Bremen." Catapulted into action 510 miles at sea, a heavy fog forced it to turn back to its "mother" when 160 miles from shore

Government ▶

Progress Brushes Customs Service

FOR the last hundred years or so it has been against the law for the United States to accept its own paper money in payment of duties on imports. But no one seems to have known it until the other day when the Senate Finance Committee discovered the old statute on the last page of the tariff law. Since no attention has been paid to the

law since 1879, when specie payments were resumed and the par value of the currency was restored, the Committee has recommended its repeal. It has also recommended that uncertified checks be accepted in payment of customs imposts. Heretofore certified checks have been required.

Building ▶

Aluminum Invades Steel's Field

ARCHITECTS and designing engineers are continually getting new materials to use. Aluminum Company of America is building at Massena, N. Y., a blooming mill to handle large ingots and a structural mill that can turn out shapes 85 feet long and 14 inches deep. Heretofore only small shapes in aluminum alloys have been available. The same strength with half the weight of steel can be obtained from aluminum alloys.

Another material, relatively new on structural work, is stainless steel—essentially a chromium-bearing steel which resists corrosion. One type of this material is to be used for ornamental metal work both inside and outside the new 68-story Chrysler building in New York. The metal to be used—Endura Nirosta, a Krupp development—looks much like platinum, completely withstands atmospheric corrosion, retains its color and luster, does not tarnish, rust, chip, peel, or deteriorate in any way.

Construction ▶

They Aren't Using Brick This Year

BRICK business is bad this year. The trouble is the wrong kind of building is going on—for the brick maker. More tower buildings, fewer houses, fewer apartments, and fewer mill type buildings. In the modern steel frame tower building the brick maker gets only the "backup." In the largest structures this calls for a great many bricks, of course, but the brick bill is small in relation to the total cost of the building.

Chicago is still the greatest common brick market in the world, producing about one-eighth of all the brick used in the United States. Chicago has not been building apartments and houses with the same rapidity this year. New York is not quite as big a brick market as Chicago—New York runs more to cement, though the whole Hudson River brick district, from Haverstraw to Mechanicsville, 150 miles, has a greater capacity than Chicago.

Chicago has twelve brick companies and 23 plants arranged in a great crescent from Blue Island to Waukegan. Eleven plants are the property of one company, Illinois Brick, by far the largest brick maker in the world. The great plasticity of Chicago's blue clay enables its machinery to run at speeds three and four times as fast as those of the Hudson plants.

The Chambers machine, which forces the clay through a die and runs it out like a steel billet and cuts it off like caramels, forms 300,000 brick a day, using Chicago clay.

The common brick manufacturers asked for a tariff of $5.25 a thousand and the House bill provides $1.25 a thousand. Brick are now on the free list, but the imports of Belgian and Dutch brick, particularly Belgian, in New York City are held responsible for cutting the Hudson River industry from 58 active plants three years ago to about 20 today.

Belgian shipments started in 1923. During 1926 and 1927 Belgian brick was unloaded in three Atlantic states and in California. No shipments have yet been made to the Great Lakes but the building industry in Cleveland and Detroit has been solicited.

The brief of the Common Brick Manufacturers Association submitted to the ways and means committee asserted that the selling agency of the Belgian brick industry is controlled by officers of the Lloyd Royal Belge Steamship Co. and other Belgian interests. In 1927, 10% of the brick used in greater New York was manufactured in Belgium.

Traffic ▶

Green Light Waits for Trolley Cars

IN Louisville, Ky., traffic signals are connected with trolley wires in such a way that delays to car movement have been decreased. When a car stops at an intersection with the green light on to load or discharge passengers the mechanism extends the green light period long enough to permit the car to go on. Because this extension of time is taken from the next green light period it does not interfere with synchronization of the signal system. Installations of similar nature have been made in Detroit, Atlanta, Pittsburgh. They have speeded up traffic considerably.

Production ▶

Bedsteads of Peanut Shells

BEDSTEADS of peanut shells the Simmons Company announce for early next year. Zalmite, a new plastic material, made up into furniture of all sorts will be made out of phenol, creosote, or even asphalt as its plastic element; peanut shells, old burlap, and other waste material as filler. Simmons can make Zalmite for five cents a pound and expects to cut that. It is strong, durable, resilient, takes a fine color and polish, and is expected to become a real competitor of steel and wood for furniture.

Production ▶

Pyroxylin for Pinafores?

PYROXYLIN-COATED window curtains are being used in railroad cars. They are waterproof, sanitary, durable, do not soil easily and can be washed with soap and water. They are available in many colors. These sound like ideal requirements for children's clothing.

Underwood Photo

CHICAGO—HER LONG SKYLINE

Russia ▶

Our Credits Not So Rash

AMTORG TRADING COMPANY, the Russian government's commercial representative in this country, estimates the Soviet is now doing business with 2,000 American firms, and says that ninety per cent of the transactions are on credit. Some of the credit involves payments over periods as long as five years. The story of the $30,000,000 Austin contract, the biggest Russo-American deal so far, is told on another page.

Much of the current talk about American operations in Russia, and especially about extension of American credit, is misleading. As a matter of fact, credit to the Soviet government seldom if ever involves open balances over more than brief periods. Even when credit is associated with long-term operations, the deal is broken into a series of individual short-term operations successfully completed and paid for. In other words, the operations are strictly "pay as you go," and American business men do not permit the Russians to go too far without paying.

At the present status of international relations it would be unusual, to say the least, for an appreciable amount of American capital to enter Russia except on sound credit risk and in accordance with good business practice. To do otherwise would be to gamble on the success of the Soviet experiment, something even some Russians might be unwilling to do. It can safely be said, therefore, that the amount of unprotected American credit outstanding in Russia at any one time will seldom exceed the profit to be earned—or lost—plus a limited speculative margin. This margin the creditor is prepared to lose as the price of trying to win exceptional advantages, now or in the future.

Distribution ▶

Union Promises Price Control

J. C. PENNEY COMPANY'S agreement with the International Ladies' Garment Workers Union "to effect as nearly as possible 100% union-made purchases of women's wear" is a matter of considerable significance.

The union has assured Penney that non-union producers will not be able to undersell him through competitors, and it looks to the Penney Company for support in its campaign to extend union control and to wipe out sweat shops and other garment-trade evils. According to a statement from an official of the Penney Company, use of labels is not contemplated in this arrangement.

The attitude of department stores and of the large mail order houses is pertinent. The department stores sympathize with the desire to improve labor conditions, but, according to *Women's Wear*, it is doubtful if resident buyers and the central buying offices of these stores would permit their sympathy to

interfere with their purchase of merchandise made in non-union shops. In fact, they have no convenient means of knowing, except through reports from the union itself, whether their suppliers have union or non-union shops.

Just how far the union would go, and in what ways it would work, to make good on its guarantee not to allow non-union shops to undersell Penney, will be a most interesting question for the future. Various problems both of technique and of ethics in distribution control are, or might be, involved.

Finance ▶

Chicago Still Has Growing Pains

CHICAGO Board of Trade announced Wednesday, it would trade in any and all stocks it chose. This was declaration of war, for Chicago Stock Exchange rules forbade members trading in any of its list on any other exchange—and membership overlaps heavily with the Board. The Exchange talked of retaliation by taking up grain trading, discussed war measures all night; Thursday morning capitulated.

Illinois legislature recently removed the statutory 7% limit on call money. Chicago will compete with New York for stock market credit.

Significance: Chicago is growing fast as a financial center. Stock trading has expanded almost incredibly in the Middle West. "The public" has given up grain speculation. Board of Trade houses found pickings lean.

Finance ▶

Stock Dividends—Just Movie Snow?

NEW YORK STOCK EXCHANGE will investigate all stock dividends. In an era when stock dividends are common it is a question whether the stockholders always get manna from heaven or just movie snow. The Stock Exchange probably has the strictest rules most strictly enforced of any organization other than the United States Army. Much is yet to be desired in the way of information about corporation activities and finance. The Stock Exchange has been a leader in the movement to get such information for the investors.

Railroads ▶

I. C. C. Ponders Merger Plans

CHAIRMAN LEWIS of the I. C. C made formal announcement Thursday of what already was known informally—that the I. C. C. is preparing a railroad consolidation plan to be published soon. All summer, Commissioners have had a rough draft, the ideas of the majority. However, each Commissioner will have a chance to air his particular views. Conflicting opinions make it probable no complete plan will be submitted until just before Congress meets in December.

Railway consolidation is in a seemingly hopeless tangle. Six systems clamor for recognition. The New York Central, the Pennsylvania, the B. & O.; the C. & O.; the Wabash, and the Delaware & Hudson—each has a pet scheme for grouping carriers. No two of them agree, some want what others already have. Each is watching with hawk eyes every move its rivals make.

Climax—the railroad holding companies have been flaunting their purchases of roads in the face of the Commission. Can they do indirectly what the railroads are forbidden to do directly?

Swift Survey of Business Abroad

In cooperation with Bureau of Foreign and Domestic Commerce

EUROPE sees clear business horizons with industry and trade at highest all-European level of consistent activity reached since the war. Coal, iron and steel production forecast continuation of this condition. Financial and commodity markets react to probable heavy fall and winter trade, heralded by good crops.

France—Widespread industrial activity results in labor shortage. Bumper wheat crop may eliminate imports and reduce present rising trade deficit from lower volume of higher-priced exports. Wine crop moderate but expected to rival 1921 blue-ribbon quality. (Cable.)

Italy—Industrial and trade volume will materially exceed 1928, it is prophesied. Turin cotton mills reach capacity. Current government revenues show surplus. Crops excellent; Naples and Turin small-fruit markets glutted.

Spain—Business reacts upwards to good crop prospects. Government creates "council of energy" to direct railway and nitrate electrification program. Proposed restrictions on imports of non-necessities to deflate unfavorable trade balance in value. Includes government automobile monopoly and import prohibition; would cost U. S. industry $11,000,000 a year. Air mail service to France and Morocco, Algiers and South America established. (Radio.)

Switzerland—Continued high industrial activity supplemented by heavy tourist traffic and bountiful harvest. Close to a record year. (Cable.)

Czechoslovakia—Production Bata shoe factory—Europe's largest and hobgoblin of American industry—reported to have dropped to 30,000 pairs or 50 per cent capacity. (Cable.)

Finland—Indigestion caused by last year's over-expansion lingers; improvement foreseen. (Cable.)

Poland—Increasing exports restore trade balance. Increase in freight rates averaging 20 per cent becomes effective October 1; lower rates will apply to exports.

FAR EAST

Spotty conditions. Business checked by government economy in Japan, a typhoon in the Phillipines, flood and plague in India, wool prices sag and poor crops in Australia.

Japan—Business at low ebb awaiting developments in government's retrenchment program. Rumors of gold embargo continue to disturb commodity and stock market. Bank earnings drop; reduced dividends probable. Abnormally large rice crop forecast. (Cable.)

Philippines—Business interrupted by Luzon typhoon, September 3; extent storm damage still unknown but reported less severe than caused by November storm last year. Textiles quiet, importers hoping early business revival. Copra mills all operating; abaca stagnant. (Radio.)

Netherlands, East Indies—Business normal; heavy automotive demand. First air line link, Batavia-Singapore, opened between Batavia and Palambang, weekly service; electric train service, Batavia-Buitenzorg, inaugurated. (Radio.)

India—Continued disastrous floods in the Sind, aggravated by cholera, cripple trade. Jute and hessian markets still feel effects of recent mill strike. (Cable.)

Australia—Wool season opens; prices 25 to 30 per cent below 1928 opening; 5 per cent below 1928 closing. Active buying for French account. (Cable.) See last week.

LATIN AMERICA

West coast fair; East coast depressed.

Brazil—National bank pegs weakening exchange. Recent business optimism disappointed by two new important failures of Sao Paulo firms, others feared. (Cable.)

Mexico—Business fair in staple goods. Northern drought reducing cattle herds. Low metal prices force silver mine economies. Congress now in session but no action so far on proposed labor bill which would radically affect operating conditions. (Cable.)

Venezuela—Trade slack, collections slow, credit tight. Coffee crop forecast below last year. (Cable.)

CANADA

Wheat crop, estimated at 275,000,000 bushels, pressing in early against sluggish export demand. Wholesaling improved; retail centers fairly active. Record iron and steel production anticipated. (Telegram.)

AFRICA

Union of South Africa—All industries booked to capacity; spring retailing brisk, except automotive. New wool clip good quality but lower prices than year ago expected. (See Australia.) Gold output high; crop prospects excellent. Capetown, Port Elizabeth, Johannesburg and Durban now linked by air mail. New Limpopo river bridge opens new trade area in Rhodesia. (Cable.)

What the Figures Show

THE latest week's figures suggest a little irregularity and uncertainty in the trend, but show business generally more active than last year at this time.

Steel operations continue to decline, but are still substantially above a year ago. The backlog of steel orders has been sharply reduced. Unfilled tonnage of the United States Steel Corporation, as of the end of August, showed a much larger decline than was expected—429,966 tons. The orders on its books, 3,658,211, were still slightly above those on the same date last year, but at the lowest point since a year ago. Yet the trade is optimistic. Expected automobile demand is not turning up fast, but structural steel awards are up, and pipe business is good and there is some sign of renewed interest from railroad sources. Great Lakes ore shipments continue at record levels.

The latest week's daily average awards of general building contracts were higher than the week before, and than a year ago. The way building seems to be holding up is striking.

BITUMINOUS coal production continues at a high rate. Total output, to the end of August this year, is almost 26,000,000 tons higher than a year ago, but still somewhat below the output for the corresponding period of 1927. Latest week petroleum production dropped a little from the week before, but is still substantially above last year's rate. The decrease for the week, 17,100 barrels, disappointed those who expected a larger cut under the new California conservation law. The decline in California production was only 20,700 barrels. It is clear that the law has not become effective as yet, and it looks as though it would be some time before the expected cut of 200,000 to 300,000 barrels daily in oil output will be realized. Production in the eastern fields is still running higher. Crude prices hold, but gasoline cuts are spreading.

Wheat marketing, of course, shows a marked let-up this week, after the exceptional rush to market during August. Exports still lag behind last year. Cotton is coming to market in larger volume than last year, the new crop having matured early; ginnings run ahead of a year ago. Cattle receipts dropped, but hog marketings were larger; prices of both were somewhat weakened.

FIGURES OF THE WEEK

PRODUCTION	Last Week	Preceding Week	Year Ago
Steel Mill Operation (% capacity)	88%	89%	77%
Building Contracts (F. W. Dodge, daily average in thousands)	$19,650	$17,473	$15,530
Bituminous Coal (daily average, 1,000 tons)	1,770	1,662	1,572
Petroleum (daily average, 1,000 bbls.)	2,956	2,973	2,494
TRADE			
Car Loadings (daily average all classes, 1,000 cars)	193	188	186
Check Payments (outside N. Y. City, millions)	$5,539	$6,037	$5,056
Wheat Receipts (1,000 bushels)	13,587	18,533	15,520
Cotton Receipts (1,000 bales)	400	272	318
Cattle Receipts (1,000 head)	291	297	307
Hog Receipts (1,000 head)	482	429	360
Wool Receipts (1,000 lbs.)	3,764	8,263	4,854
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.20	$ 1.22	$ 1.06
Cotton (middling, New York, lb.)	$ .192	$ .193	$ .194
Iron and Steel (composite, ton)	$36.52	$36.52	$35.11
Copper (electrolytic, lb.)	.178	.178	.145
All Commodities (Fisher's index, 1926-100)	96.3	96.9	99.7
FINANCE			
Total Loans and discounts, Federal Reserve member banks (millions)	$17,150	$16,950	$15,906
Commercial Loans, Federal Reserve member banks (millions)	$ 9,518	$ 9,434	$ 9,046
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 6,474	$ 6,354	$ 4,385
Federal Reserve System Ratio	73.7	73.2	68.0
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	22,412	20,325	19,429
Stock Prices (N. Y. Times, average 50 stocks)	$303.79	$299.19	$203.09
Bonds Sold (N. Y. Stock exchange, par value, thousands)	$43,506	$48,052	$35,953
Bond Prices (Dow, Jones, average 40 bonds)	$ 92.34	$ 92.25	$ 96.46
Interest Rates—Call Loans (daily average)	7¾%	8⅜%	7½%
Interest Rates—Time Loans (daily average)	9%	9%	6½%
Business Failures (Dun, number)	300	365	321

THE price picture, generally, is not so favorable this week. Wheat and cotton prices remain a disappointment in the view of the crop reports. Wheat is not very much higher than a year ago and the cotton price is barely equal to last year's.

Iron and steel prices are holding generally, although the slackness in buying is expected to make them weaken a little soon. The flurry in the copper market two weeks ago appears to have passed over. Sales in the week ending September 11 were only about normal, and prices unchanged. The general commodity price level, according to Fisher, was down slightly, for the sixth consecutive week, but the National Fertilizer Association index shows a slight increase for the week ending September 7.

Carloadings in the aggregate are running above last year, as the chart on the facing page shows. Latest week figures were larger than the week before and than a year ago for all classes except ore, coke, and grain, in which the movement has subsided. On the whole, the higher rate of carloadings in the past few weeks is no more than the normal yearly increase; nevertheless it suggests a good level of distribution.

GENERAL business turnover, as indicated by check payments outside speculative centers, was down somewhat for the latest—a short—week but still substantially above the year before. Retail trade during August appears to have held up well. Thirty-four chain store systems report August sales 32.3% above last August, with the eight-month total 28.1% above last year. Department store sales for August increased 4.7% over August, 1928, 288 stores reporting increases and 158 reporting decreases. The largest increase was 9.1% in Boston. The largest decrease was 8.4% in Minneapolis. The two big mail-order houses—Sears, Roebuck and Montgomery Ward—have already reported sales in August 12.7% above July and 30.6% above August a year ago.

The number of business failures declined for the latest week and is below last year's at this time.

INDUSTRIAL activity in August, as measured by electrical energy consumption of 3600 plants reporting to the *Electrical World*, was slightly (0.6%) under July but 6.1% over August, 1928. Automobiles, parts and accessories used 3.5% more energy in July, but less than last August, and 16.2% less than the peak consumption in April. Steel plants consumed 4.5% more juice than in July, and 20.4% above last year. Only lumber, paper and pulp and rubber plants showed smaller August activity than a year ago on this basis.

Money and the Market

WALL STREET stock dealers were quite uncertain this week. Collectively they had a touch of St. Vitus dance. The volume of dealings was larger. Only two items of news were of great importance. The government cotton report Monday sent the cotton market up, but not for long. Announcement that the I. C. C. is going to publish a unification plan after years of uncertainty, while not exactly fresh news, added further uncertainty to rail stocks, which had just begun to take strength.

More stocks made new high prices for the year than new lows. Oil leaders like the Standards and Texas Corporation made some spectacular gains. Some utilities, certain rails overlooked in the recent advance, and selected industrials were strongest.

Call money, like the market itself, fluctuated considerably, in marked contrast with some degree of steadiness recently. Some tightening due to mid-month demands this week-end was present. The narrow margin upon which the call market runs is behind the situation. Calling or supplying of a few million dollars now makes a difference of several percent. A year ago change of an equal amount would hardly have been noticed.

Existence of a large supply of credit which isn't being attracted to Wall Street and brokers' loans was shown conclusively in the Treasury's September financing. Last week Secretary Mellon asked for half a billion dollars and would pay 4⅞%. In just three days he got offers of $1,486,000,000, practically three times the amount asked. Allotments were made.

Speculators received a distinct disappointment when brokers' loans showed an increase of $120,000,000. The increase in the past four weeks has been more than half a billion. New York banks took considerable out of the brokers' loans. Corporations, individuals, and trusts put in $149,000,000; out of town banks contributed $57,000,000.

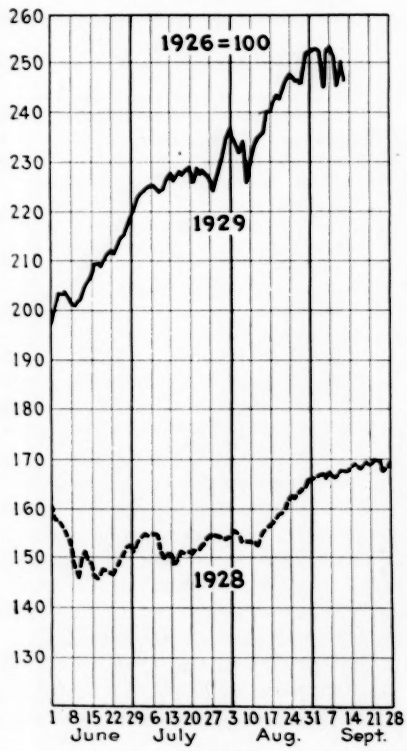
The Federal Reserve system continued moderate buying of bills according to its policy to supply commercial and agricultural autumn funds. The increase was $40,000,000. Discounts were down. Holdings of government securities were up $11,000,000, which may or may not be significant.

Member bank credit showed seasonal increases. Total of such credit increases was $186,000,000. Loans on securities accounted for $117,000,000 and commercial loans $84,000,000.

The Bank of England left its discount rate unchanged. It lost gold fractionally. Paris and Berlin largely have satisfied their demands, but the United States became an active buyer, more than $1,000,000 of the yellow metal coming here from London in the week. The foreign stock markets were dull in the week, with London still showing the effect of monetary uncertainty. Some talk is present that the Reichsbank may lower its rediscount rate from 7½%.

THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)



Which Way Building?

HERE are two straws showing the way the building construction wind blows:

Shipments of common brick for the first half of this year were 29% below last year. July shipments were 22.8% lower than June and less than half as much as a year ago. This is ascribed to declining construction in nearly all large centers, normally the principal brick markets. In some places the decrease in brick shipments is greater than the slump in volume of construction because of the type of structure. The proportion of brick used in down-town office buildings and high structures is usually much less than in apartment buildings, residential and smaller commercial structures, in relation to the dollar investment.

Here is a single slight sign of improvement: Fifty brick plants were closed down on July 1; on August 1 only seventeen.

Cement prices were sharply cut a fortnight ago in the New York territory. The price cut has already spread as far as the Mississippi. Cement stocks on July 31 were nearly 2,000,000 barrels more than a year ago in spite of the fact that since the first of the year production has been consistently under last year. The price cut is ascribed partly to competition from abroad on the seaboard, but it may reflect some decline in building projects.

An authority in the field estimates that cement consumption in 38 states for 1929 will run about 4% under the actual consumption last year.

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Steel's Swift Pace

THE daily rate of steel production during August was slightly less than in July—182,437 tons against 186,080 tons—although the total production for the month was above July because of an added working day. This is less than 2% below the July rate and only 6.5% below the May rate, which was the high record for all time. May operations were close to 100% of capacity; those in August this year averaged about 93% as compared with 82% in August a year ago.

The high pace which steel has been keeping this year is shown by the fact that the average rate of operation for the first eight months of 1929 was almost 95% compared with 83.6% for the same period last year.

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Autos Crowding Each Other

ADVANCE estimates of automobile production in August show 516,522 as compared with 517,792 in July and 492,543 in August 1928. This still leaves production, for eight months this year, 37% above last year, or 4,446,000

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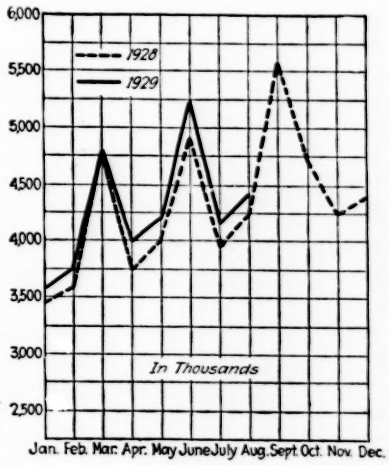
TOTAL FREIGHT CAR LOADINGS



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cars and trucks compared with 3,236,364.

But note this:

	Ford	*Chevrolet*	*Other*
August, 1929	205,634	109,968	200,920
July, 1929	196,504	138,884	182,404
August, 1928	89,250	122,702	280,591

July exports were down slightly, but far above 1928. Seven months outgo totals $402,126,465 against $306,461,131 in 1928—largely due to trucks. Passenger cars decreased 14.7%, trucks increased 111%. Argentine is now the first market for passenger cars, Australia second, South Africa third, Brazil has replaced the United Kingdom as the main market for trucks.

American auto registration in 1928 gained 5.9%—world, 7.4%. Five persons per car in United States, 2,548 in India.

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Boom, Boom!

BULL statisticians are busy adding up corporation profits. The National City Bank rounds up 916 (record to date) which show an aggregate increase of 27.4% for this first-half over last year's—manufacturing and trading corporations alone even larger—36.6%. Standard Statistics is running behind, with only 515 corporations to date, but makes up for it by reporting a larger increase in net earnings—40.5%.

Puff, Puff ▼

THE railroads, in the first half of this year, beat all previous records in efficient consumption of fuel. It required only about $\frac{1}{5}$ of an ounce of fuel to haul a ton of freight and freight train one mile. This average is the lowest ever attained by the railroads since the beginning of their statistics of this kind. Record efficiency was also reached in the use of fuel to haul passengers. During the first six months it required an average of 15.2 pounds of fuel to move each passenger train one mile compared with 15.5 pounds in the first six months of last year.

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Ups and Downs in Wages

ONE way of watching the current trend of wages is to note the number of times they are reported to be raised as compared with the number of times they are cut—although, of course, wage cuts are not given as much publicity as wage increases. The Labor Bureau, Inc., which spends its time doing this sort of thing, says 89 wage increases and only 2 wage decreases were recorded during August. Advances were chiefly among building trades and transportation employees. Printing tradesmen received fewer increases this month than in any other month of the year, while textile and clothing trades reported more increases than in any previous month so far. The Labor Bureau, by the way, is more worried over this statistic: 28% more automobiles were produced this July than last with only 6% more men employed in the industry. This they blame on Fords and Chevrolets, which are off-spring of mass production.

Naval Lobbyists, and Others, Old Style and New

STIMULATED by President Hoover's startling denunciation, the Senate is going to investigate William B. Shearer. Shearer is suing three American shipbuilders. He says they hired him to spread militarist propaganda and to disrupt the naval limitations conference at Geneva in 1926, then didn't pay him. Congress will also dig into his labors as a paid lobbyist in Washington.

It ought to be interesting. Shearer is an almost perfect specimen of a type of lobbyist that used to swarm about the halls of Congress in large numbers—an imposing back-slapper laden with plenty of money for entertainment. The type is rapidly disappearing. So is the lobbyist of the old school who played a lone hand for the benefit of the highest bidder, without concern for questions of morality. In recent years the lobby consists of trade and business associations which are most meticulous in their dealings with Senators and Representatives. Their statements of fact are as accurate as any that issue from government bureaus.

It is probable that before the Shearer inquiry has been completed Congress will go into the whole question of lobbying. But it is extremely unlikely that any considerable fault will be found with the present system under which labor, business, and other interests maintain establishments in Washington. The form of lobbying that is now most effective in the national capital is, in the main, a real public service. True, condemnation of all organized representation is frequently heard from Congressmen. Much of the criticism is honest, but a great deal more of it is purely for home consumption. The intelligent Senator or Representative realizes he cannot possibly be a specialist in all of the innumerable subjects which command his attention, and he welcomes honest co-operative and accurate information.

It is not difficult to understand why some members of Congress are opposed to the existing method of lobbying. It keeps them too hard at work. In the old days it was possible for a man to go to Congress and at the same time practice law or engage in business. But the lobbies have made being a Congressman a full time job. He works under strict surveillance. A close watch is kept upon him by associations which represent practically every important activity in his state and district. Not many years ago scant attention was paid to how a member cast his vote; sometimes it caused comment at the moment, but it was soon forgotten. Nowadays every vote of every member is carefully tabulated. His labor record is a matter of general knowledge, available on short notice. His vote for or against a farm proposal is noted in the files of the agricultural associations. The engineering societies know exactly how he feels toward them.

NAVAL affairs are watched with especial zeal by lobbying organizations, not only because naval expenditures run into large totals, but also because both the militarist and the pacifist seek to impose their views upon Congress and influence legislation. However, ninety-nine per cent of the propaganda for or against naval increases is open and above-board, done by people who are anxious to tell the world what they are doing.

On the face of the Shearer disclosures it would appear that some branches of industry are in favor of a larger navy and, consequently, increased naval expenditures. But officials in Washington say they have ample evidence that business generally, including manufacturers of iron and steel and many shipbuilders, really support President Hoover's plans for naval limitation. Wars, past and present, have been responsible for most of the tax burden. Corporations are no longer able to conceal their assets; they pay their full share and more. Business units are constantly growing in size, and in future the tendency will obviously be to assess against them an increasingly large proportion of the tax total.

Opponents of naval reduction admit that business, as a whole, is against them, but they contend that there are sound commercial reasons for larger navies and armies. They believe business men have lost their perspective in a desire to secure the early reduction of tax payments, and that without an adequate navy, any international dispute would demoralize industry and cost more than the increased taxes.

IT is generally conceded in Washington that basically Shearer has done no more than is constantly being done by lobbying organizations on both sides of any given question. The furor has resulted partly from President Hoover's strong condemnation of business interests for attempting to interfere with his plans for armament reduction, and partly because Shearer is a spectacular figure, the like of which has not appeared in the legislative halls for a long time.

The popular conception of a lobbyist of the lone wolf type is of an oily person with an unstable eye and a soft voice, who sneaks in and out among the Corinthian pillars of Washington as he pursues his wicked machinations. Shearer is the exact opposite of this description. He works alone, apparently, but he certainly isn't furtive. He could walk into Grand Central Station on a dull day and make

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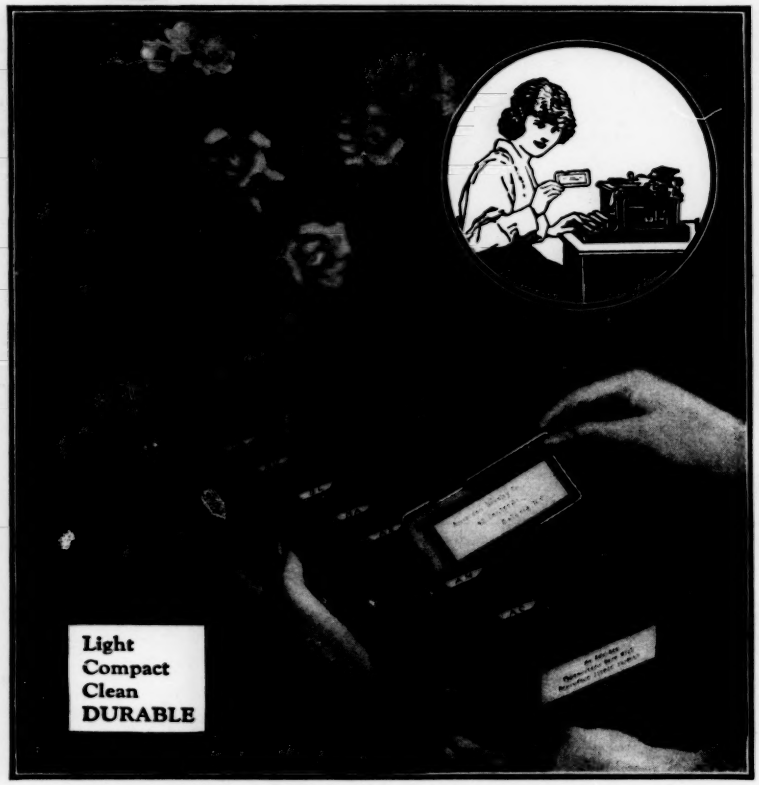

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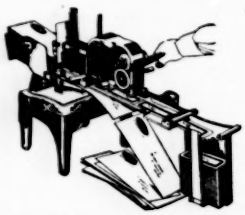

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the whole place appear crowded.

There is about him much of the battleships which he champions so hotly. Shearer is more than six feet tall. He has the neck and shoulders of a prize-fighter. He is well into the fifties, but there is not a line in his bronzed face; he radiates vitality enough to drive a dynamo. A sparse mustache closely clipped adorns a mouth that suggests a beaver trap. The moment he enters a room he takes complete charge of the conversation, and from then on it is a thunderous monologue. His favorite subject is the weakness of the American Navy as compared to that of the British, and the steps that perfidious Albion is taking to reduce the United States to the status of a colony. He talks a lot about the prominent Americans who are "in the pay of the British."

Shearer is a snappy dresser with a pronounced weakness for red ties. He bears himself with a swagger to which his spectacular career gives him a right. As a boy he rode a horseback mail route in the far West. In his youth he was a miner, and during the Spanish-American War he was an electrician in the Navy. He has lived in London, and in almost every other large city of the world. He invented a one-man torpedo boat.

In his quiet moments he paints in oils, and paints well, too. His favorite picture, painted by himself, depicts a naval incident of the War of 1812. An American ship is whaling the tar out of a British ship of greatly superior tonnage. The painting is above the fireplace of his home in Stamford, Conn.

Such is Shearer, almost the last of a vanishing species.

▼

Town Built For Dam Workers

A TOWN built for the 500 men who will work for five years on the $25,000,000 dam to be constructed by the Los Angeles County Flood Control District, has been completed in the San Gabriel Canyon, 30 miles east of Los Angeles. Built in 90 days, the town has 30 four-room family houses, 50 eight-man bunk houses, three sanitary buildings, a dining hall, kitchen, storehouse, office building and club house. Workmen will pay $1.36 a day for meals, beds, janitor service, heat, light, and bathing facilities.

The town is completely electrified and includes electric ranges and heaters. The Southern California Edison Company built a 12-mile high tension line to the site.

Food Mergers—What Has Happened, and Why

EVER since our antediluvian ancestors bartered mastodon steaks and dinosaur eggs, the food industry has been not only the largest but the most thoroughly individualized of businesses. Its products have been, and still are, sold in more places and in smaller lots than those of any other industry. Food comprises about 28% of everything that the American consumer buys at retail, and is delivered to the homes of the nation through 245,000 corner groceries, 105,000 larger independent concerns, and scores of thousands of delicatessens, drug stores, and push carts.

But at last the industry (significantly, perhaps, during a bull market period) has been bitten by the merger bug, and seldom a week passes which does not produce its new combinations of food companies. A few of the important steps which have excited the industry are:

Postum has acquired fourteen companies, and has changed its name to General Foods.

Standard Brands, Inc., controlled by J. P. Morgan, has absorbed Fleischmann's Yeast. A four-cornered merger gives the advantages of Fleischmann's extraordinary distribution facilities to Royal Baking Powder, Chase & Sanborn, and E. W. Gillette Company, Royal's Canadian associate.

General Mills now owns Washburn-Crosby Flour, and has declared extra dividends.

Armour and Swift have asked the federal courts to abrogate their agreement not to retail any of their products, and to sell nothing but meat.

An executive of Gold Dust has bought control and become head of the United Cigar Stores.

The Borden Company bought fifty-two concerns in one week, three in another, and five in a third. And, in all likelihood, will buy more later.

Rumors are current of a great nation-wide chain store merger, to include the First National Stores of Boston, the Kroger Grocer & Baking Company of Ohio, the Safeway Stores of Maryland, and others of equal importance. This combination is being formed, according

to report, under a holding company controlled by New York bankers. Has General Foods any relationship with the holding company?

WHY this sudden outcropping of food mergers after thousands of years of highly developed individualism? The basic reason for combinations, of course, is the very natural desire of man to increase his fortune and add to his earthly possessions, although in every unusual business movement there may always be found idealists ambitious to create huge, smooth-running machines. But in many of the mergers, and especially in several that are in prospect, may be clearly discerned the fine Italian hand of Wall Street. The market has been bullish, with golden opportunities for the sale of stock and successful promotion.

Here and there a wide-eyed, credulous observer, blinded by the visions of gigantic combinations dominating his morning melon and his after-dinner coffee, professes to see the coming of the business millenium. Little is certain once an industry begins to pulsate and quiver with movement and manipulation, but it is quite safe to say that nothing of the sort is in the offing. The only results that can reasonably be expected from the food mergers are the establishment of many new private fortunes, a considerable flurry in the stocks of food companies, and, perhaps, or even probably, better distribution facilities and more efficient sales methods.

Not that food distribution has heretofore been particularly poor. The machine that guides food from the field to the kitchen is already wonderfully geared, and functions well enough that no man, assuming that he has the price, need experience any difficulty in getting what he wants for his table. But the machine is almost unbelievably ponderous, and simply because of its gigantic size is far behind other industries in the employment of modern distribution efficiencies. It lurches along, and in time accomplishes its purpose, but it leaves in its wake an enormous waste, and sometimes it groans and wheezes, lacking co-ordination of essential parts. It may be that the mergers, excepting those which have been, and are to be, formed solely for purposes of stock manipulation, will remedy these defects and give the food machine nimbleness and elasticity, and enable it more easily to bear its great load.

In any event, great changes in methods of distribution are in prospect, even though the direction of change cannot be definitely determined until the food industry has climbed out of the ruts in which it has been plodding for centuries.

If the mergers already organized and in prospect work out to everybody's satisfaction, we shall doubtless see a series of increasingly larger combinations; if they fail or are curbed by federal or state authority, or if they are kicked about in Wall Street until they collapse of their own weight, the food machine may be expected to heave itself about and attempt a new direction. For the industry as a whole has been profoundly stirred, even though still uncertain as to the full significance of the mergers.

IT is possible that food distribution in time may be patterned after the methods employed by the Fleischmann Company to market its three-cent cake of

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National Accounting Machine
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yeast, a highly perishable product. Existing channels were too slow for Fleischmann, and to meet the desperate need the company developed a distribution system of its own, which now operates with almost faultless precision. Nine hundred company-owned distribution centers dispatch their own motor equipment over 1,700 delivery routes to supply bakeries, hotels, and some 200,000 retail outlets in 33,650 municipalities. Public carriers serve another 35,000 centers. These veins of distribution are kept filled with fresh goods by special refrigerated expresses from fourteen factories scattered at strategic points through the country. The Fleischmann system possesses the necessary virtues of elasticity and capability for expansion, and if something similar could be developed to handle all foodstuffs, or at least all perishable goods, it should bring lower prices to the consumer and greater profits on products which are not now available in all parts of the United States.

MOST of the mergers in the food industry have been accomplished almost over-night, but Postum's acquisition of fourteen concerns, and its subsequent transformation into General Foods, has been spread out over a period of some four years. The combination was largely due to Edward F. Hutton, a Wall Street financier, who married the daughter of Mr. Post.

Hutton intended to put the company at least into liquid condition and procure a wider distribution of the stock, and then possibly rid himself of the responsibility. He found a capable general manager, Colby M. Chester, Jr., who began by studying the entire food industry, so that he might better understand Postum's share in it. He and Hutton became interested in expansion for economy. Production men suggested new and improved factory set-ups, and ideas on distribution were contributed by various executives, particularly by E. E. Taylor, an executive vice president.

Chester and Hutton started by planning more complete use of the salesman's time. Each salesman spent hours traveling to a town, waited for a hearing, and then offered the merchant but four products. Why not sell more to each?

In 1923 Postum added a fifth product, Bran Flakes, to its list, and sold through the same salesmen on the same trips without increase in sales or administrative expenses. In two years volume had increased 35.6 per cent. and net profit 42.5 per cent. So they asked why not more lines? and determined to find the limit of the number of products a salesman could handle on one trip.

Every wholesale grocer has faced that question, but none has really solved it. Some load their salesmen with complete lines, while others make their men specialize, and send different men to the same customer. Hutton and Chester found their own solution, and added four more lines, which they decided would bring an increase of $2,000,000 in net profits. That amount could be split with the consumer, and leave an extra million clear, enough to justify additional stock capitalization.

"We acquired other products not by buying patents or starting new factories," says Mr. Chester, "but by buying factories and corporations which owned products. This was a new way to serve the consumer. On his behalf we bought not a package like a retailer or carloads like a jobber, but entire businesses. All were well known products which we wanted, easy to sell. Now we will utilize to the full our salesmen's time."

The Postum executives next turned their attention to the problem of seasonal hollows, always the bane of the food distributor. Postum products sell best in summer, and during the winter some of the company's 250 salesmen had to find other jobs. On the other hand Jello sells best in winter. So Postum bought the Jello Company, and thereafter its $10,000,000 of sales and the $22,000,000 of Postum were carried by the same men, who thus were kept busy throughout the year. When its first seasonal cycle had been completed Postum started others, and soon developed a policy whereby two businesses, one for winter and one for summer, would be purchased together. The fourteen companies which have already been acquired turn out a score of products, calculated to maintain a seasonal balance.

Russia Asks Cleveland to Build a Tiny Detroit

PETER THE GREAT built old St. Petersburg to his order, but Peter never dreamed of anything so grandiose, so statistically overpowering, as the five-year program of Josef Stalin, the mechanizing Mussolini, and the planning board of the U. S. S. R.

Russia determined a year ago to lift herself into thorough industrialization by 1933. In the twelvemonth since, order after order in large globular figures has been coming out of there. Foreign goods, mostly tools to make tools, will be needed to the amount of $3,500,000,000.

A beginning was made in such orders as that to the Foster-Wheeler Corp. for $2,000,000 in oil refining equipment, and to the Cleveland Tractor Co. for 708 tractors, the contract with the Longacre Engineering Co., Inc. for $25,000,000 in apartment houses and other construction, and the credit with International General Electric for $26,000,000, mostly in equipment for Hugh L. Cooper's Dnieperostroy, the largest power dam in the world.

BUT the biggest Russian order since the Tsar passed out has just been placed with the Austin Co. of Cleveland, designers and builders of industrial plants. On a site near Nizhni-Novgorod, famed more for its ancient fair than for its iron and timber, the Austins are to erect an industrial city. Here will be the Ford factory, designed to turn out 100,000 cars a year, or more than half the 5-year Soviet goal. Here will be the shops to fabricate the parts, the homes of the workers, the public services, the warehouses, office buildings, schools, laundries, clubs, restaurants, library and stadium, all rated for a population of 25,000. The Austins will build everything from the iron and aluminum foundries to the barber shops and band stand.

This is the plant for which arrangement was made with Henry Ford several weeks ago. Ford will supply engineering advice in the plant operation. Strictly speaking the product will not be the Ford, but it will be the Russian counterpart. The cost of the plant and city will be $30,000,000; maybe $40,000,000.

The Austins expect to finish the work in fifteen months. The Russians expected it would take four years. It is reported that if the work is finished on time the town may be named Austingrad. The builders will first put up homes for 12,000 families. The foundry goes next.

WILBERT J. AUSTIN, president, and George A. Bryant, Jr., vice president of the Austin Co., had been

BUILDERS EXTRAORDINARY
Samuel Austin and Wilbert J. Austin, a woodcut by Zadig

discussing the project since last year. Austin met V. I. Meshlauk, vice president of the Supreme Economic Council, in New York, and Bryant went to Russia this summer with the delegation of 50 American business men. In the meantime A. T. Tzentzeeper, president of the Stalingrad Tractor Plant Commission, and his associates visited this country and looked over construction jobs at the Caterpillar Tractor Co.'s Peoria plant (which also has Russian orders) and at automobile foundries in Detroit where the Austins had worked.

The Austin Co. will be paid in American money at Cleveland on a percentage of the total cost. The agreement is directly with Autostroy—the "state bureau for building automobile plants."

Autostroy supplied topographical data two weeks ago. The Austin people were in Nizhni-Novgorod Sept. 1 looking over the ground.

THE Austin Co. will send 20 or 30 engineers from Cleveland to Russia and will put to work on the Cleveland end of the job 50 to 100 engineers and draftsmen.

Albert Kahn, Detroit architect in many otable factory buildings, is designing the works, and Arthur Brandt, a former Austin man, is furnishing the mechanical layouts. Several similar projects are said to be in the background, including one or more steel plants and a factory for harvesters.

Bryant, the Austin official whose name is carried on the news cables for the first time, recently turned 40. He was general sales manager of the company before he was 30. He studied engineering at the University of Illinois, played second string football, and knocked around a bit before coming with the Austin Co. as a field engineer. He was soon superintendent on large jobs. During the War he went to Washington to look after work for the government. In this country he spends most of his nights on sleeping cars.

The Austins built their first factory building 40 years ago. Samuel Austin, now chairman, was on his way from England to Chicago after the great fire—he understood much building was going on in Chicago—but he stopped off in Cleveland, and remained. He first did residential work, then industrial. When his son was graduated from Case School of Applied Science and had studied a year in Europe, they specialized. Their big chance came with the sudden expansion of the incandescent lamp industry about 1908.

Austin senior had built in the '90's a little frame factory for the Buckeye Electric Co., daddy of all the lamp plants of the Middle West. He and his son were called upon to help the predecessor of the National Lamp Works to spread the production of its new tungsten lamp all over the United States. A standardized factory building was the obvious thing, and the Austins believe theirs was first. The lamp was the same everywhere—why not the building?

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The Week's BUSINESS Speeches

WILLIAM GREEN, president, American Federation of Labor:

"We realize that improved machinery and the use of power are the inevitable development of modern industry and that machine displacement will continue in conformity with the application and study of inventive minds. We see in it all a relief from the effects of human drudgery and excessive toil but we must not be unmindful of the serious social and economic condition created because of human displacement. We cannot displace men in large numbers, relegating them, skilled and unskilled, artists and artisans, to the large army of unemployed without at the same time creating a menace to the existence of our political and social institutions.

"Serious-minded people, possessing a keen appreciation of the serious stage which this problem has reached, are thinking about it and about its destructive consequences. It is to be regretted that this question has not commanded more universal attention and consideration. The American Federation of Labor regards this question of machine displacement and technological unemployment as one of the most vexing questions which we are called upon to consider."

▼

As a creditor nation we are no such giant as is often supposed.—R. P. Lamont, Secretary of Commerce.

▼

BEN TILLETT, Socialist member of the British House of Commons:

"Britain must organize as America has organized. We must organize our resources on an equal scale. An island nation cannot do this but a world commonwealth can. In the interests of the worker, everything possible must be done in all avenues that are explored to increase inter-imperial trade. This can be done without leading to an economic warfare with either Europe or America, and can be done without prejudice but to the advantage of our fellow-workers throughout the British Commonwealth of nations."

▼

The wastes that are due to the manufacturing of the wrong type of merchandise or the wrong design would make the losses of this country due to forest fires seem insignificant in comparison.—Walter Hoving, vice-president of R. H. Macy Company.

▼

VICE-PRESIDENT DUNWOODY of Universal Aviation Corporation, on his return from Europe:

"European companies are averaging 65% and 70% pay loads, and within a few years the majority should be operating at a profit independent of government subsidies. Although there is no tendency towards financial mergers in Europe comparable with this country, air transportation companies there have effected substantial economies and have increased efficiency by consolidation of terminal facilities."

▼

Child labor is the costliest power in the world. It is the gathering up of the promises and possibilities of future existence, of future civilized society, to crush them into a mill which grinds out gold on one side and miserable wrecks on the other.—Frank Morrison, secretary, American Federation of Labor.

▼

JOSEPH P. RYAN, president of the Central Trades and Labor Council:

"Few current economic developments have made such widespread changes in our national life or promise so much for the future as the utilization of our increasing leisure.

"Only recently has it begun to be recognized that leisure is 'consumable,' but that people cannot 'consume' leisure without consuming goods and services, and that leisure, which results from an increasing man-hour productivity, helps to create new needs and new and broader markets."

New Welding Tests Devised

TEN years ago fusion welding was a repair shop tool. Since then it has revolutionized production methods in a number of major industries. Electric arcs and gas torches are almost everywhere. Far as it has gone today it has not begun to foreshadow the limits of its possibilities in the judgment of many engineers.

Just one thing has held it back. Industrial conservatives, skeptical of all new developments, have said, "Welding isn't safe. You can't tell a good weld from a bad one save by tearing them apart." At the meeting of the American Welding Society in Cleveland this week two methods were announced for non-destructive testing of welds. Their development is sure to accelerate the wider use of welding.

One method uses a physician's stethoscope and X-ray machine. The other measures electrical current deflection.

E. A. Sperry of the Sperry Development Company and inventor of the ship's gyroscope has adapted to the inspection of welds a device of his design which is being used successfully for detecting cracks and incipient failures in steel rails. The method consists, essentially, of passing a heavy electrical current through a small section of the piece to be tested and measuring the deflections of the current as it passes through. If the piece is sound, the current flow will be uniform. If the piece contains flaws, even of microscopic size, their presence is indicated.

Some 20,000 steel rails, as they lie in railroad tracks are being tested daily by this method. A steel mill has recently installed a similar device to test rails before shipment. Results from both operations have been satisfactory.

Union Carbide and Carbon Research Laboratories has developed a combination stethoscope and X-ray inspection method for welds. An ordinary physician's stethoscope is used with a small hammer to detect flaws. Once detected, X-ray photographs are taken to determine their extent and what can be done to repair them.

Electrical companies are substituting welded steel for casting in motor frame manufacture. Machine tool builders are thinking seriously of making greater use of welded frame members to replace castings. Many small buildings and a few good sized structures have been erected with welds instead of rivets. Ships of all sizes up to warships for the German Navy are being welded.

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We contact approximately 16,000 wholesale, retail and chain outlets: drug, hardware, jewelry, stationery, leather goods, sporting goods, department and general stores.

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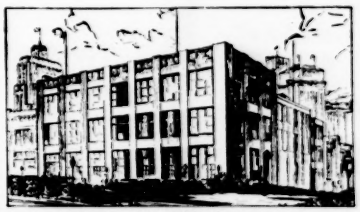

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Recently we conducted a successful campaign, introducing Gevaert Films on the Pacific Coast. This suggested that, with the facilities of our new building, we could affiliate with another substantial manufacturer.

Realizing that a permanent connection requires careful investigation, we invite inquiries from interested executives, and shall be glad to correspond regarding details.

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You probably know Pennsylvania's third most important industrial city as an iron and steel center—but the close up picture of industrial Reading that's given below may throw new light on a decidedly worthwhile part of your marketing area.

Listed among its most progressive plants having 50 or more employees are:

No. of Estab.	*Products*	*No. of Estab.*	*Products*
1	Chemicals, etc.	4	Textile Finish
5	Bakery	25	Knit Goods
4	Confectionery	2	Automobile Bodies
3	Boots & Shoes	5	Brass & Bronze Prod.
3	Boxes	9	Hardware
3	Furniture	6	Machinery & Parts
2	Millwork	4	Stoves
5	Printing	3	Optical Goods
10	Finished Textiles		
6	Tobacco		
16	Clothing		
3	Cordage		

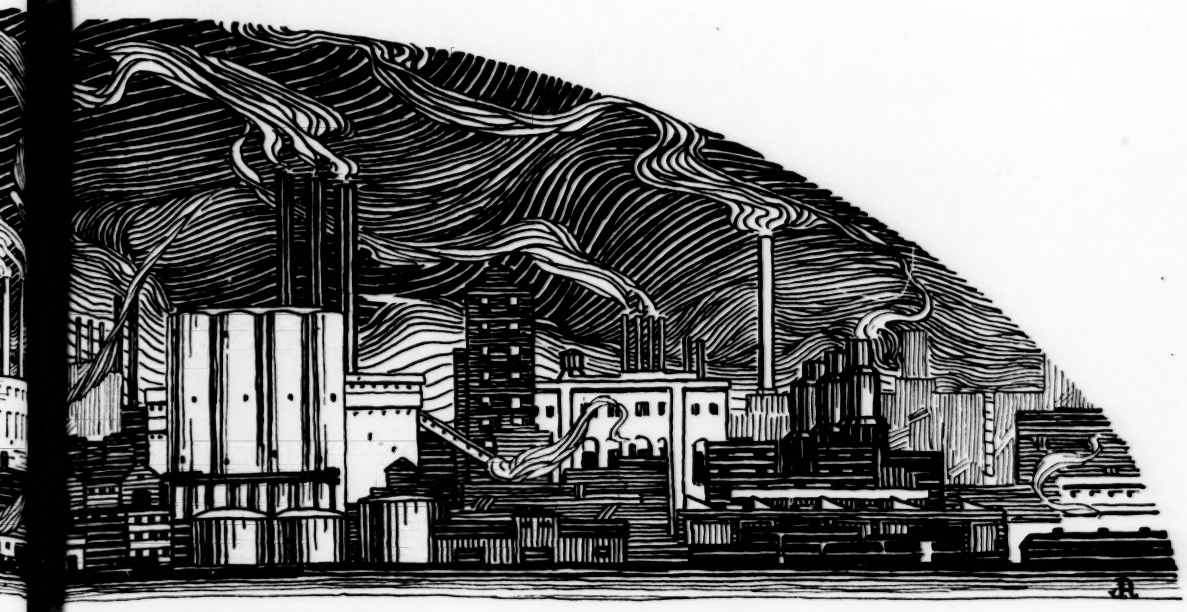
besides those producing iron, steel and rolling mill products.

These Reading plants are in a position to buy, annually, a volume of general industrial equipment which makes them decidedly worthwhile units in your market. And Reading is typical of many such industrial centers that lie in areas where you can sell *profitably*.

FEW manufacturers of products useful to a number of different kinds of manufacturing plants realize that they are overlooking and may actually be missing a valuable part of their market through failing to analyze the sales possibilities in the hundreds of busy industrial centers of which Reading, Penn., is typical.

How many different types of industrial plants are buying your products now? Probably several. In that case your objective should be to reach any and all plants large enough to be worthwhile customers —progressive enough to appreciate the advantages of—and financially sound enough to pay for—*your product*.

In plants that measure up to these standards—the responsibility for each of the major phases of production and plant operation rests on certain key men. Their continual drive to use the best in methods and equipment makes these plants highly



orthwhile plants you should

receptive prospects. The logical approach in selling to them is obviously through the men who lay the plans and specify the equipment which makes manufacturing increasingly profitable.

How can these men be found? Not through titles! They often fail to tell the true story of a man's place in his organization.

Responsibility! That's the key. Reach the men responsible for production, plant engineering and power in all these progressive plants and you place your sales message before the men who are, through the urgency of their responsibilities most interested in bringing in new equipment, materials and plant services. These men read—

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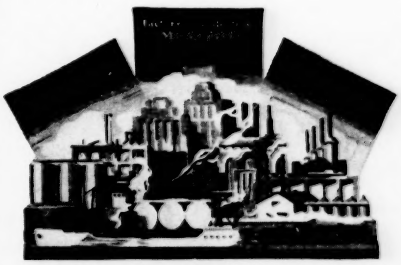


SELLING CROSS INDUSTRY

Factory and Industrial Management **is read by the men in all manufacturing industries who are responsible for and primarily interested in production and over-all plant operation.**

Industrial Engineering **covers all phases of plant maintenance and service to industry, including the installation, specification and maintenance of the mechanical and electrical systems required for production. It is read by plant engineers (master mechanics, plant superintendents, chief electricians, maintenance engineers and consultants) in practically every type of manufacturing plant.**

Power **is read by the men responsible for the specification, installation, operation and maintenance of all the equipment and services necessary to the generation and application of power to mechanical equipment throughout the plant.**

Because of the nature and breadth of their editorial programs these publications seek out—as readers—men who are above all open-minded and alert to possibilities for changes in equipment and methods which can effect profit-building economies in their own plants.

Mississippi Flood Plan Bitterly Attacked

A MAN who owns $9,000 worth of property in the Boeuf River Basin has succeeded in tying up the government's $325,000,000 program for flood control along the Mississippi—the elaborate plan formulated by Lieutenant General Edgar Jadwin, former Chief of Engineers, U. S. A., and adopted by Congress.

Backed by the railroads and by practically every inhabitant of the Boeuf River district, the property owner asked the courts to restrain the government from periodically inundating the Basin, an area some twenty-five miles wide and 125 miles long, without adequately compensating owners of flooded lands. This territory contains many railroads, small towns and fertile farms, and the gas fields of Richland Parish, Louisiana.

The courts have withheld issuance of the injunctions pending hearings in equity. These hearings are to be held this month. If the property owner wins, the government must either spend many times the amount appropriated, or abandon the Jadwin scheme.

IN Washington, the opinion seems to prevail that the courts will order the government to compensate property owners. What Congress will do cannot be predicted, but it is certain that much will be heard of the matter on the floor of the Senate and of the House.

All of the argument, and now the litigation which threatens the entire project, arises from the plan for so-called "fuse plug" levees. General Jadwin's plan contemplates increasing levee heights about three feet, with strengthened cross-sections and diminished slopes, so that they would be twice as strong as now.

But on the west bank of the Mississippi, just below the mouth of the Arkansas River, a thirty-mile stretch of levee would remain at the present height and thickness. Reaching this level, the flood waters would overflow the "fuse plug" levee, thereby relieving the main channel and taking the pressure from the east bank. Similar diversions, which are known as floodways, are provided for at other points along the river. General

LIEUT. GENERAL JADWIN

Jadwin estimates that the floodways would be used on an average of once in twelve years, almost exactly as often as the area has been flooded in the past.

A MAJORITY of experts on flood control agree that something of the sort is essential to property control of the raging flood waters of the Mississippi, but there is a great deal of disagreement as to how the diversions should be handled. Many differ violently with General Jadwin's exposition of the engineering details.

Other authorities, including the *Engineering News-Record,* agree with property owners that damages should be awarded for the jeopardy in which the Jadwin diversions would place farm lands and other property. The property owners declare that no one would want to acquire land which any year may be swept away by a river carrying three times the volume of the St. Lawrence. They have written refusals from the Federal Land Bank and other banks declining to lend money on their lands.

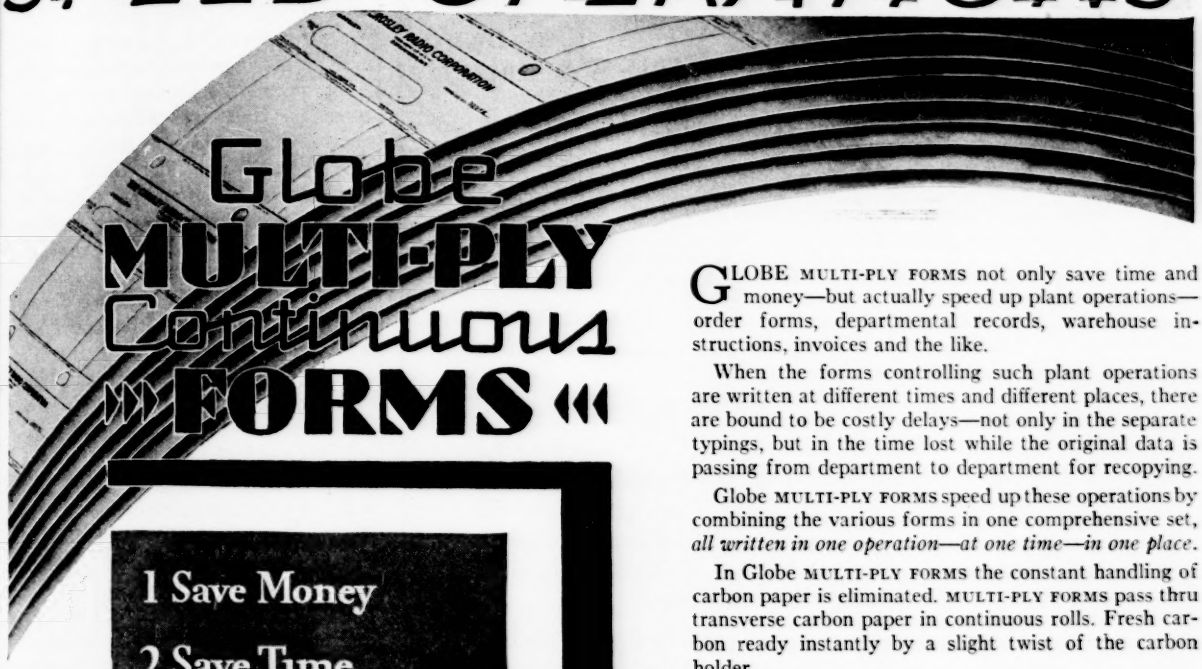
ON the other hand, the government, through General Jadwin and the Army Engineer Corps, insists that since levees are not to be lowered the Boeuf Valley will have the same protection it has always received, although it is admitted that whereas the area has occasionally escaped inundation in flood times when the levees break first elsewhere, with the diversion plan in effect it would never escape.

But General Jadwin believes that the lands in the floodways will be enhanced in value, and that by making adjacent lands immune from flood his plan will cause a tremendous increase in agricultural development throughout the entire region.

The government does not deny that the Jadwin diversions will damage railways and highways to the extent of hundreds of million dollars. But to the protesting railroads it offers the same argument as to the farmers—that they will be reimbursed for flood expenses by increased business from the immune areas. The railroads, however, consider this reasoning fatuous. They declare that their property is to be damaged to benefit other property, and greet with much skepticism the optimistic theory that the immune regions will blossom to the point of increasing freight tonnage to any considerable extent. They believe with many eminent engineers that there is no certainty that the Jadwin plan will be any more successful than others which have been tried and have failed.

THE whole problem of Mississippi flood control appears to have been hastily and peculiarly handled. When the Father of Waters went on his greatest rampage in 1927, President Coolidge and Congress, with the assent and approval of the entire country, decided that something should be done to prevent another such disaster, and that some way must be found to curb the flood. Two agencies were instructed to survey the situation and submit recommendations. One was the Engineer Corps under command of General Jadwin, and the other was the Mississippi River Commission,

SPEED OPERATIONS



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headed by Colonel Charles L. Potter, an Army engineer and General Jadwin's subordinate.

The Corps and the Commission each studied the problem for six months, which many engineers believe was too short a period by many months. At the end of that time they submitted plans. They were alike in most essential features. But there was one notable difference. Gen. Jadwin estimated the cost of flood control at about three hundred millions, while Colonel Potter's estimate for approximately the same work was 684 millions. Another significant feature of the Potter report was the fact that it admitted the justice of paying damages to property owners in the Boeuf Basin and allowed about one hundred millions for that purpose. Jadwin's report allowed nothing for damages and called them unnecessary.

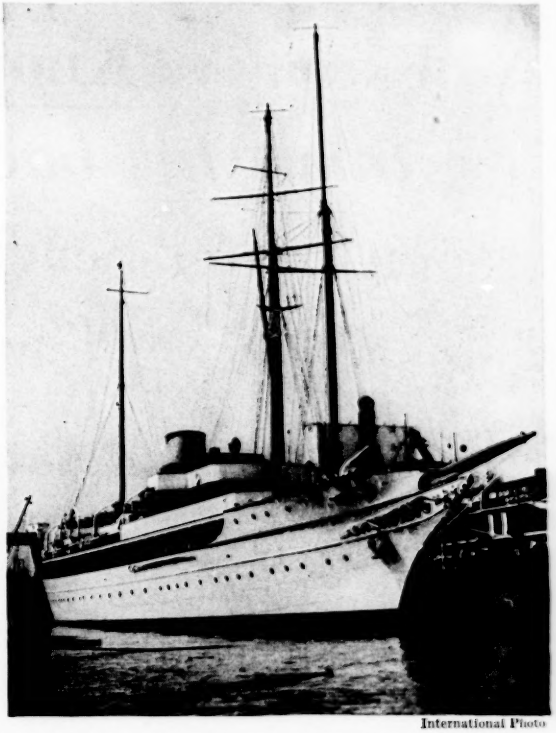
CONGRESS discussed both plans at length, the burden of the talk being "who should pay?" The statesmen finally wearied of technical details and asked President Coolidge to appoint a special board to consider the two reports and advise Congress which to adopt.

The President promptly appointed the Chief of Army Engineers, the president of the Mississippi River Commission, and a consulting engineer. Meanwhile Colonel Potter had been promoted. He was a general in the Army, but he was no longer president of the Mississippi River Commission, and so was not a member of the special board. The President's appointees were General Jadwin; General Jackson, a subordinate of General Jadwin who had succeeded Colonel Potter as head of the Commission; and Carleton W. Sturtevant, a consulting engineer. Mr. Sturtevant was formerly an army engineer.

The special board, which could scarcely be called unbiased, reported that the original plan as proposed by General Jadwin was practically perfect, and recommended its adoption without change. Congress promptly adopted the engineering features of the Jadwin project, but inserted a few typical statesmanlike ideas about financing and administration. These provided for the rejection of all claims for damages, and are now being tested in the courts.

Incidentally, by the adoption of the Jadwin plan the Mississippi River Commission was relieved of its former complete control over river problems. A part of the Jadwin report provided for the removal of the Commission's executive powers. It is now merely advisory, subordinate to the Army Engineering Corps.

The Traffic Problem Goes to Sea



International Photo

$1,000,000 FOR FUN

Edward Manville, asbestos man, saw his beautiful yacht "Hi-Esmare" hit by a tanker in the fog this week

THE record run of the German liner *Bremen* is just one more proof that the speed craze has invaded the water. Nor is it confined to ocean lines. From rivers and inlets increasing numbers of men go down to the sea in motor boats. The current demand for small craft requires razor-edged prows and more puissant motors.

These swift boats swarm so thickly in harbors from Delaware to Massachusetts that serious traffic problems have arisen. This summer saw crashes in which occupants of speed boats lost their lives. The daredevil motorist who tries to beat the train to the crossing salutes as a brother the motor-boatman who steers across the bows of a destroyer in Long Island Sound.

THE world speed record for small boats is held by Gar Wood of Detroit. He drove *Miss America VII* at the rate of 94.1 miles an hour, a pretty good clip even for an aeroplane. Outboard motors (small engines which a man can carry and which can be clamped on the stern of any boat) have kept pace with the modern spirit. They are fast, too.

Outboard racers appear in all sorts of fantastic forms. Some look like violently animated chips. At full speed the propeller is about the only part submerged.

Such motors will travel ten miles on a gallon of gas, a good performance for water craft. Larger boats wolf their fuel. A forty-footer will get only a mile out of one gallon.

NEW YORK CITY had 32,710 craft of less than 16 tons burden registered on June 30 of this year, an increase of nearly 3,000 over last year. A 16-ton craft is usually not over 45 feet in length. There were 894 large motor yachts.

The principal breeding and nesting grounds for the New York district is City Island. Here builders produce all manner of pleasure craft from tiny buck-jumpers to dignified cruising yachts. Yards report increases of from 25 to 40 per cent over last year. Waters around the island suffer from congestion. From a thousand to fifteen hundred boats may be seen there on a good day.

Cities reachable by water are seeing an increase in motorboat commuting. Congestion of automobile roads stimulates this habit around New York. Between 8 and 10 o'clock on a sunny morning parades of motor boats race down the Hudson and East rivers. The man who lives no more than 20 or 30 miles out may reach his office in an hour, much less time than required by the combination of automobile, railroad train, and taxi. It is only a half or a third of the time required by an automobile.

COMMUTERS who live 30 miles or more from their offices prefer boats from 50 to 75 feet in length. They clip off 25 to 50 miles per hour. A man whose home is 60 miles out must economize on time. He does this by tossing on his clothes, jumping into his car, and dashing down to where his high-strung yacht lies purring at her wharf. His secretary goes aboard with him, the captain casts off and the trim craft darts toward the city at a greyhound pace. The owner now enjoys his shower and shave, dons fresh linen laid out by his valet from a store on board, and sits down to breakfast. His secretary is across the table with notebook and pencil. From stock quotations in the paper and memoranda on hand the day's work begins.

No panting for the five-fifteen by these super-commuters. As a relief from office work the owner may take the wheel for the homeward trip. Electric ice boxes are regular equipment on board. (One designer says that is the first thing the buyer asks about.) There are authenticated instances where invigorating beverages were consumed on these voyages.

For the thrill of open air riding some owners prefer smaller craft, such as sea sleds and runabouts. One business man claims that the exhilaration he receives from a twenty-mile drive through the morning air puts him in as good condition for the day's work as any possible round of setting-up exercises.

This increase in the number of boats naturally brings its parking problem. Cities are creating motorboat harbors, with breakwaters to protect the vessels. Builders of large apartments overlooking the water in New York provide docks where tenants may moor their boats.

COMMUTING boats are the aristocrats of the mosquito fleets. The owner usually is wealthy enough to

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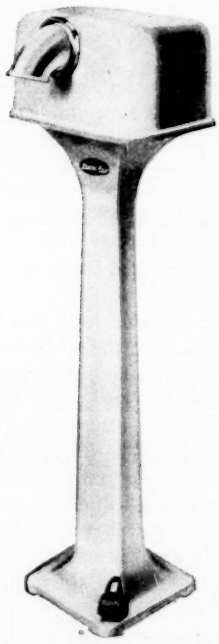

Electrical Division, Dept. F
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indulge his whims. Each of these craft becomes a special job in design and construction. The larger and older companies have standardized their product as the automobile builders have. They determine on certain yearly models in which the parts of motors, hulls and fittings are interchangeable.

Purchasers may select their own color schemes. White and green, the tints of the sea itself, are most popular for the hulls. Mahogany for the superstructure.

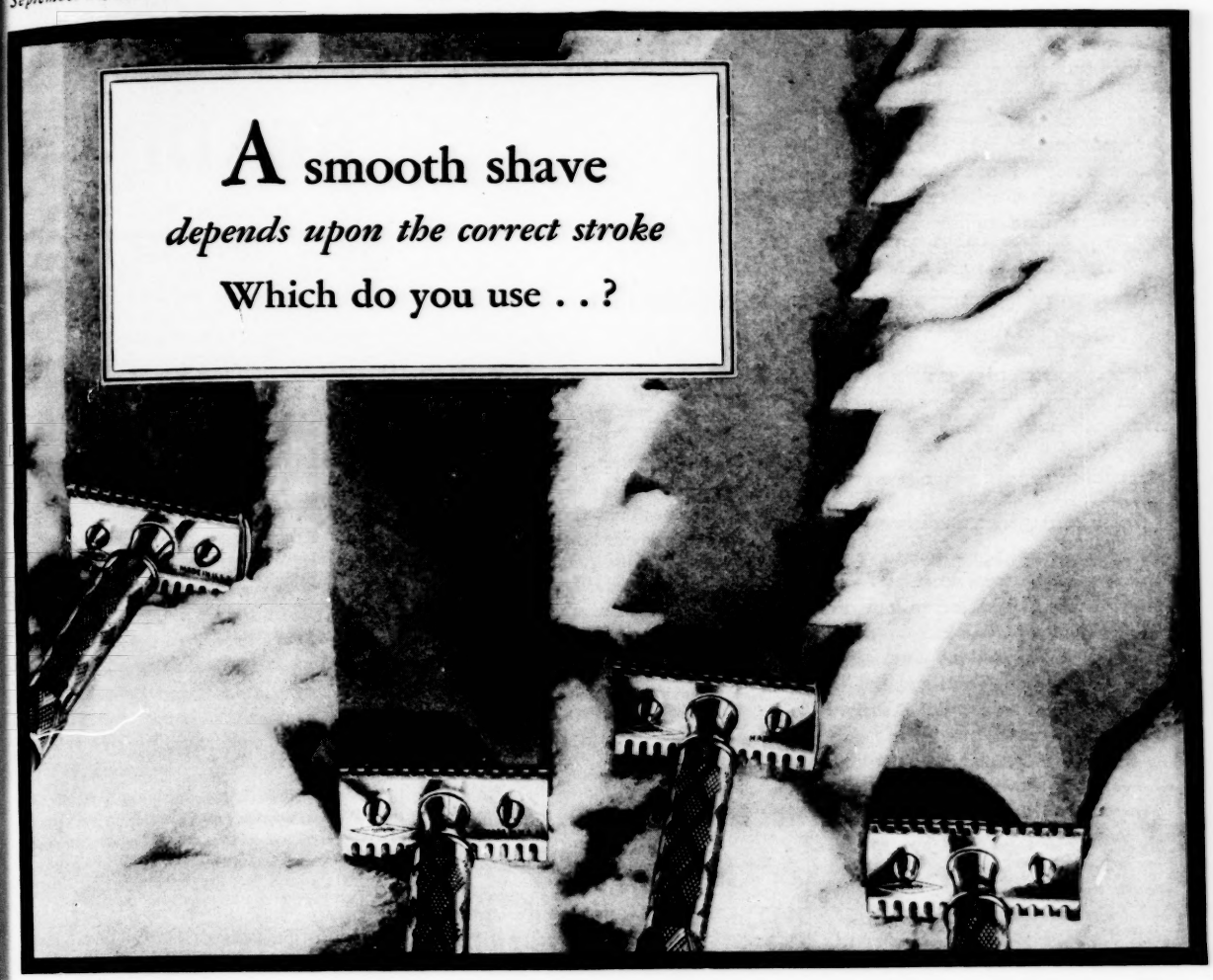
Again following the lead of the motor industry, boat builders allow deferred payments. One of the largest requires a third down and the rest before the end of the year. The rate of interest on the unpaid balance is less than that required by auto companies. A man able to buy a yacht is assumed to be of good financial standing. If he isn't he is in for plenty of grief from the expense of operation.

Trade-ins are accepted by big companies. Standardized types are most popular in this respect, since they are designed for a broader demand and are easier to resell. The price in each case is determined by the condition of the old boat. Some companies will only accept their own boats when new ones are bought.

THE bulk of the demand is for conservative types. Steady little craft on which a number of people may live comfortably. To the real water lover the best form of boating is cruising. Taking a long, comfortable trip and living aboard. He likes a spin in a fast runabout but after a couple of experiences the kick is lost. Old timers regard these leaping interlopers as nuisances, as motorists look on motorcycles.

Often a buyer starts with a 26-footer and as his fortunes improve, goes right on up through the classes until he ends with a $200,000 yacht that could circle the globe. Dependable cabin cruisers in the 26-foot class can be had for under $3,000. A 48-footer comes to around $20,000. These are standardized boats. If you are planning a 60-foot commuting racer you had better be prepared to spend as much as $75,000.

THE casual wanderer about the streets of big cities often stops before buildings where 50-foot cabin boats are displayed in windows. How do these craft navigate the land miles and come to anchor on parquet floors? Usually they are floated on lighters to the nearest dock. A special low trailer towed by a truck takes them through the streets at night when the traffic has loosened. The stores are fitted with special glass fronts which swing inward on ceiling tracks.



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—Best ways to use indirect suggestion; positive suggestion
—How to make your man say "yes"
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—What mailing dates are most preferable?
—Do your letters agree with the "six basic rules"?
—To what motives does your letter appeal?
—Is your choice of words effective enough?
—Is your letterhead right?
—Would a premium offer be advisable?
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—What are the rules for reaching the retail trade?
—What is most important to farmers?
—How would you appeal to jobbers and dealers?
—What makes a sales follow-up successful?
—What is the first step in laying out a merchandising plan?
—What are the significant classes of consumers' goods sold for retail distribution?
—What vital factors distinguish the organization of the stores of the J. C. Penney Company?
—To what extent are manufacturers' advertising and manufacturers' brands of consequence in the trade in shopping goods?
—Is it sound practice to grant an exclusive agency to each wholesale firm handling your line of specialty goods?
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—What qualifications are of major consequence in hiring salesmen?
—What is the quota plan of paying salesmen?
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—To what extent are different classes of goods responsive to changes in prices?

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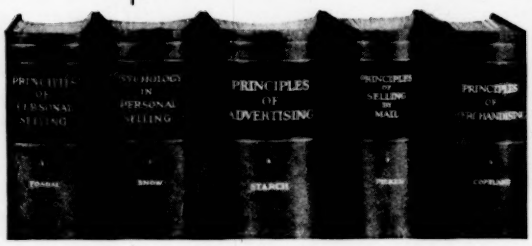

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WIDE READING

ANOTHER JOB FOR MR. HOOVER. Charles A. Beard. *Outlook and Independent,* September 4. The editor of "Whither Mankind" focuses on the problem of land banks. "If the National City Bank had lost half as much money in the Caribbeans as these investors (holders of stock in land banks) have lost in bankruptcies, frauds, and depreciation, it is likely that something would have been done long before this late hour." Like Congress, he puts the problem "up to" Hoover.

BRITISH IMPERIALISM FOREDOOMED. H. G. Wells. *New Republic,* September 4. Bold declaration that British imperialism is out-of-date and world would be better off if free to recombine in some new progressive unity, unencumbered by the "formally snobbish traditions" of the English.

WHAT SHOULD WE DO ABOUT THE TARIFF? Henry VanRiper Scheel. *Forbes,* September 1. Woolen and worsted industry would scrap present valuations and base imposts on wages paid employees. A new approach to protection.

WOMEN'S WEIGHT (A FACTOR OF SURPRISING IMPORTANCE TO INDUSTRY). Marie DuBois. *Advertising and Selling,* September 4. How does women's weight affect your business? Stop and consider. Correlate the signs of the times as evidenced in women's new interests molded by the desire for a slender figure.

ARE WE SUCCESSFUL IMPERIALISTS? Richard Washburn Child. *Saturday Evening Post,* September 7. What's the greatest task of the new millionaire governor-general of the Philippines? Not native legislation; but teaching a new imperialism as profitable to the Filipinos as to the American capitalists who participate.

EUROPEAN STRATEGY VS. AMERICAN ENTERPRISE. Theodore M. Knappen. *Magazine of Wall Street,* September 7. While we are sending enormous sums abroad, foreigners contrive to make large investments here. As a creditor nation we are no such giant as is often supposed.

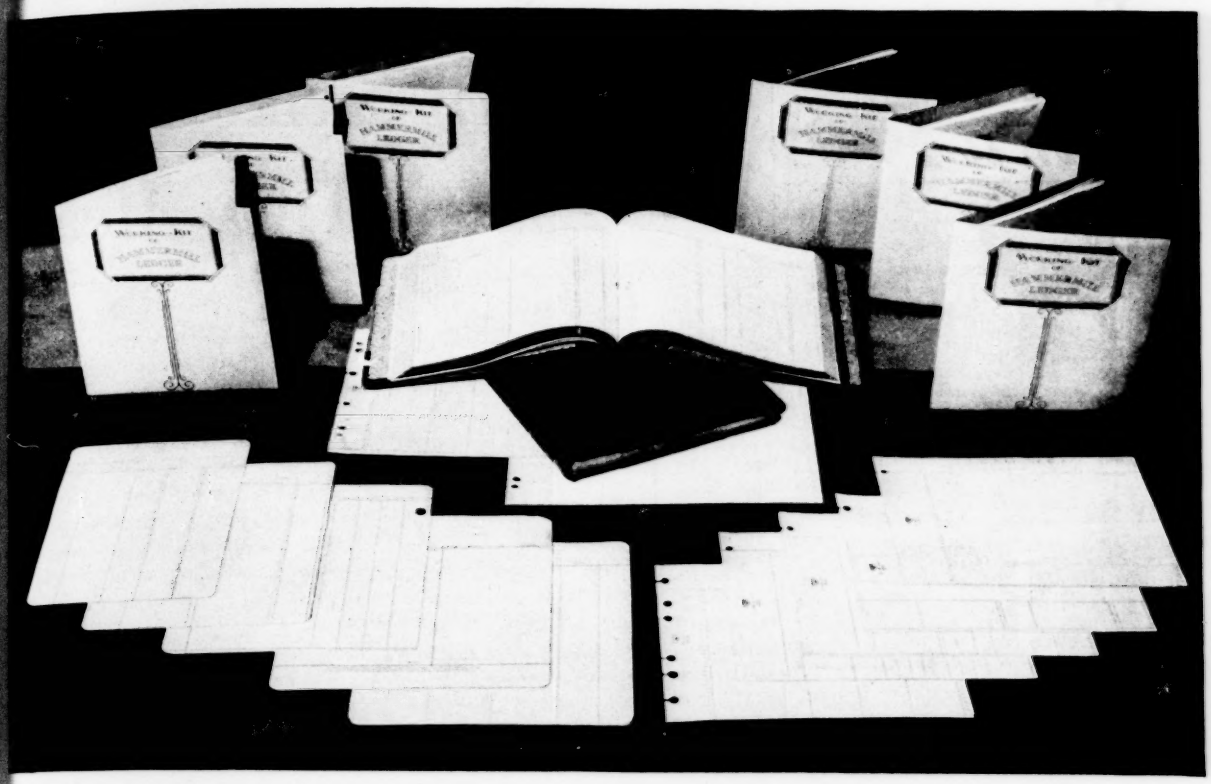
WHAT THE COMPANY-OWNED AIRPLANE IS ACCOMPLISHING. Charles G. Muller. *Printers' Ink,* September 5. A third article on the practical use of the airplane in business. Every business user of an airplane is not a booster for the idea. Actual cost figures from users in various kinds of business.

BOOKS

NEW PLACE OF THE STOCKHOLDER. John H. Sears. *Harper,* 260 pp, $4. A non-technical discussion of the legal place of the corporation stockholder.

HUMAN NATURE AND MANAGEMENT. Ordway Tead. *McGraw-Hill,* 297 pp, $3.50. Applications of psychology to executive leadership dealing with problems of administration of large groups of workers.

MONEY. Samuel Crowther. Stratford Company, 204 pp, $2. How to make it, use it, invest it.



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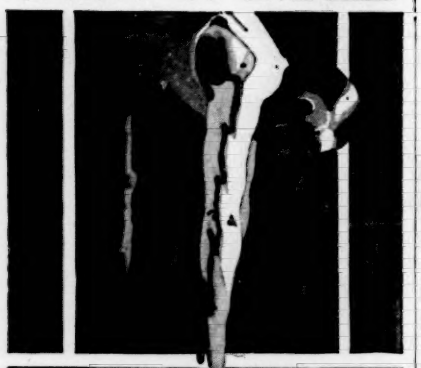

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Southern Strikes— What They Mean

SIXTEEN men and women, including labor leaders and textile mill strikers, have been on trial at Charlotte, N. C., for the murder of the chief of police of Gastonia. National Guardsmen have been on duty at Marion, N. C., as precaution against rioting in connection with strikes at textile plants. Labor leaders at Elizabethton, Tenn., and Ware Shoals, S. C., have asserted they were "kidnapped" and forced to leave town because of their activities in textile strikes. Such items have been first-page news in metropolitan dailies for months.

What do they mean—to the South specifically, and to American industry in general?

THE recent textile strikes developed sporadically. There was a flare-up in the rayon plants at Elizabethton, Tenn. There were strikes in South Carolina mills. There was a strike in a North Carolina mill. The causes of each differed.

In some cases there was no union organization in the picture; in others the National Textile Workers Union, an admittedly communistic body, was on the job; in still others, the United Textile Workers of America, affiliated with the A. F. of L., was active. These two unions have been antagonists. The former is now pretty well discredited. The A. F. of L. union is laying its battle plans with considerable chance of success for intensively unionizing southern textile workers.

MOST important is an understanding of how the average southern textile mill community has developed.

A plant was started in an isolated section. Labor was attracted from mountains. These men and women were good Anglo-Saxon stock, but entirely untrained industrially; immature and self-conscious socially; often sub-normal physically and mentally.

The manufacturer usually found it necessary to build houses, schools, churches, stores; to guide the workers in religious, social, educational, and recreational directions; even to spend their money for them.

But the paternalistic type of industrial relationship which has developed there has carried with it the germ of many a serious problem, as a new generation replaces the green mountain help.

One problem is comparative wage scales. A labor agitator can place the pay envelope of the average New England textile worker alongside that of the average southern textile worker and —by ignoring the extras the latter receives, as well as difference in living conditions—arouse a sense of injustice.

Consequently one of the first steps the southern industry has had to take is to establish its community activities on a self-sustaining basis and transfer the differential to the pay envelope. Concerted action will be necessary but leaders believe such a step is wise.

Then there has been the loss of personal contact between management and employee. Southern textile manufacturers are finding it increasingly necessary to devote a major part of their time to a study of the *science*, rather than the *sentiment*, of industrial relations.

This particular thing is the cause of several of the southern strikes. Textile manufacturers, working their way out of a period of depression, have had to study individual jobs in the mill, so that more work could be secured per operative. This is not a form of tyranny; it is a consequence of our increasing industrial complexity. However, it must be based upon the thorough understanding and goodwill of everybody.

Apparently such a background was not laid in certain mills. It undoubtedly will be laid in the case of further efforts in this direction.

The average southern mill-worker is not the half-starved automaton pictured in dispatches to New York papers, but he has sufficient causes of dissatisfaction to furnish capital to labor leaders, and to enable them to overcome his instinctive distrust of outside organizers. The possibility of unionization of southern mill labor is really not vitally important; the significant question is whether southern manufacturers can meet it with sanity and vision.

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RECORDS are made to be used, not just *kept.* Unless they tell quickly, accurately and completely every essential fact about a business they are a burden rather than a help. Antiquated or ill-arranged records make slaves, not only of the people who expend needless labor in keeping them, but of the executives who have to depend on them for facts to guide decisions.

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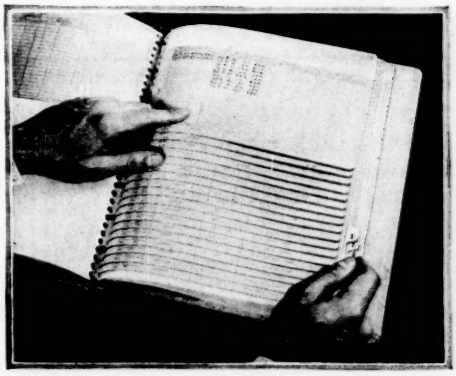

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By Robert R. Updegraff

IT IS a happy omen, I think, that business men are coming to rely less on straight logic and more on what might be termed an intuitive interpretation of carefully assembled facts. For intuition, which seems to be a mixture of experience, observation, and instinct crystallized into something akin to judgment, corrects the factor of contradiction, which is present in so many business situations. . . . Whitehead says, "In formal logic a contradiction is the signal of a defeat; but in the evolution of real knowledge it marks the first step in progress towards a victory."

It is the contradictions in human nature and in business situations that confound the logical minded—the rationalizers—and so often make their decisions unsound. Whereas the man who lets himself feel into a problem with the antennae of intuition, at the same time he is thinking into it in a rational business way, somehow seems to come out better.

All this was brought to my mind by a paragraph from Walter Lippmann's "A Preface to Morals," which I have already recommended. Lippmann writes: "What has upset the idea of the old-style business man that he knows what's what is that the relevant facts are no longer visible. The owner of a primitive factory might have known all his working men and all his customers; the keeper of a little neighborhood shop may still, to a certain extent, know personally his whole business. But for most men to-day the facts which matter vitally to them are out of sight, beyond their personal control, intricate, subject to more or less unpredictable changes, and even with highly technical reporting and analysis almost unintelligible to the average man."

The high development of the faculty of intuition as an aid in interpretation of facts and contradictions appears to be the only hope of the business man.

▼

THERE seems to be developing a sort of father-son-and-grandson movement in advertising. General Motors and the Fisher Brothers started it, when they began to advertise Fisher Body Corporation as a unit of Gerenal Motors. Now comes a grandson into the family: Ternstedt Manufacturing Company, makers of automobile fittings, advertising in full pages, "Fittings by Ternstedt, Unit of Fisher Body Corporation."

This is an interesting development of the sponsoring idea, and one that will be used in other industries in the future.

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You wouldn't send an errand boy to greet the president

A LARGE manufacturing concern, doing business in every section of the United States, recently asked the Paper Users' Standardization Bureau to make an analysis of the papers used in its various departments.

The company was sending out hundreds of letters daily. Some were expected to make new contacts, others to keep old accounts satisfied, still others to transact routine business, quote prices, accept orders, or furnish information. And all the firm's letterheads were printed on one grade of paper—a popular-priced sulphite bond.

It is certain that no executive of this concern would for a moment consider sending an errand boy out to greet the president of a firm with which he hoped to do business. And yet, an obviously cheap and flimsy letterhead was permitted to represent the company in customers' offices every day.

Too, frequently in American business, the executive who is infallible in his selection of *men* for important missions neglects entirely the choice of *paper*, and as a result, letters fail to accomplish their purpose. In this particular case the Paper Users' Standardization Bureau recommended two grades of paper: for executive and sales department letterheads, a 100% rag bond, with strength, beauty and dignity that left no doubt of its quality; for other letters going to outside offices, a medium-priced part-rag bond paper.

The slight addition in the cost of letterheads was more than made up by the economies which standardization effected in other departments. A total saving of several thousand dollars a year was made possible by using the right paper for each purpose, and the firm's office routine gained in efficiency.

This case has been closely paralleled in practically every one of the hundreds of standardizations made by the Bureau for large companies.

The American Writing Paper Company, Incorporated, is unique among the great paper manufacturers in that it makes not one or two or three kinds of paper but *all* the kinds used in business. Through the Paper Users' Standardization Bureau it can offer business men unprejudiced assistance in applying efficient standards to the papers they use.

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Clip the coupon below and send it to us, enclosed with your business letterhead, for a copy of the booklet, "Making Paper Pay Its Way," which gives full information about paper standardization and its value to business.

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With the Editors

A Tiresome Tariff

THOSE anxious foreigners who have suffered periodic attacks of hair-tearing over the tariff tinkering in Washington should come over and see how we are taking it. They would be astounded by the yawns, the utter absence of enthusiasm or agitation, that accompany this world-shaking work of protecting American factories, barnyards, and dinner-pails against the foreign invasion.

After a long, hot summer of weary wrangling and wire-pulling in Congressional committees, the country now finds that it faces two or three months more of senatorial log-rolling and rhetoric before it can know what protective panacea will be finally concocted on Capitol Hill. Already American business is bored to death and a bit nauseated with the whole thing, and the solons are saddened by the lamentable lack of public appreciation of their Smooty labors.

The reason is obvious. This particular piece of tariff tinkering has an unreal, artificial air about it—an air of the political hothouse and not of the work-a-day White House. It is obviously the unfortunate legacy of a hasty promise in a hectic campaign. Farmers may feel that a frolic in protective pastures will cure their ills, and it may be just as well to let them learn that it won't. But there is nothing in the situation of American industry as a whole that indicates any need whatever for such wholesale overhauling of the tariff as is contemplated in the legislation now in hand. It has become so cumbersome, complicated and uncertain, so scant of scientific pretense, so marked by shameless political trading, that the average citizen is openly cynical about the whole business. "Does it pay," he wants to know, "to unsettle American trade and worry the rest of the world with this sort of game?"

More fundamental is the fact that in face of the rapid progress of American business, there is a widespread and growing skepticism concerning the paramount importance of the tariff for our prosperity. Business at large is ready to take Senator Smoot's word for it that the tariff has nothing to do with prices, and to ask, consequently, why bother with it at all?

Statisticians and Soothsayers

A WIT of Wall Street—where wits as well as nitwits abound—described the slump in the market ten days ago as an attack of Babsonmindedness and thereby unwittingly touched upon a weak spot of the statistical seer. They usually have an infallible memory for figures but they are always forgetting something—something of fundamental importance in all statistics and soothsaying, which is the frailty of human nature.

What has been going on in the stock market in recent years has nothing to do with arithmetic or logarithms. An Einstein may sometime work out the statistical system that explains it, but for the present it is merely a state of mind, and there is no cure for a state of mind but the logic of events. The market may be quite mad, but no one can yet be sure whether it is any more out of touch with realities than is the mind of the sage of Wellesley Hills. Possibly both are a little queer. Though this market may be due for a disastrous débâcle, we doubt whether all the gypsies in the Bronx, the Oracle of Delphi, or all the slide rules of the American Statistical Association can tell whether, or when.

We hope and believe that its readjustment will not and should not come through the portentous prophecies of Jeremiahs. Only the steady pressure of economic forces will bring the stock market back into line with the financial and business facts, and only this sort of readjustment will be of any value.

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